92-2249

A	ART WORLD INDUSTRIES INC	10Q	02-29-92
B	BOOLE & BABBAGE INC	10Q	03-31-92
C	CAPITAL VENTURES INC	10Q	06-30-91
D	CELESTIAL VENTURES CORP	10Q	01-31-92
E	CHEMICAL DEPENDENCY HEALTHCARE INC	10Q	03-31-92
F	COM-TEK RESOURCES INC	10Q	03-31-92
G	DAINE INDUSTRIES INC	10Q	03-31-92
H	DAVIDSON TISDALE MINES LTD	10Q	03-31-92
I	FILENET CORP	10Q	04-05-92
J	FIRST REPUBLIC CORP OF AMERICA	10Q	03-31-92
k	FORTIS BENEFITS INSURANCE CO	10Q	03-31-92
L	FOUR STAR RANCH INC	10Q	03-31-92
M	FRONTIER FINANCIAL CORP (WA)	10Q	03-31-92
N	GENERAL ENERGY RESOURCES AND TECHNOLOGY CORP	10Q	03-31-92
O	NATIONAL TECHNOLOGIES INC	10Q	03-31-92
P	NOVACON CORP	10Q	02-29-92
Q	POCAHONTAS BANKSHARES CORP	10Q	03-31-92
R	RADIX VENTURES INC	10Q	01-31-92
S	INFOTRAX COMMUNICATIONS INC	10Q	02-29-92
T	READY CAPITAL CORP	10Q	07-31-91
U	SEQUENTIAL INFORMATION SYSTEMS INC	10Q	01-31-91
V	SOLECTRON CORP	10Q	05-31-92
W	SOUTHERN SCOTTISH INNS INC	10Q	06-30-91
X	SOUTHERN SCOTTISH INNS INC	10Q	03-31-91
Y	UNIVERSAL LIFE HOLDING CORP	10Q	03-31-92
Z	URETHANE TECHNOLOGIES INC	10Q	03-31-92

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

for the quarterly period ended February 29, 1992

_ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

PROCESSED BY
10-10-V
AUG 5 1992

Commission File Number 0-18152

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Art World Industries, Inc.
(Exact name of registrant as specified in its charter)

L30

Delaware (State or other jurisdiction of incorporation or organization)	13-3349556 (I.R.S. Employer Identification No.)
5966 Bowcroft Street, Los Angeles, California (Address of principal executive offices)	90016 (Zip Code)

(213) 204-3080
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes __X_ No _____

As of February 29, 1992, the registrant had outstanding 6,963,501 shares of common stock, $.001 par value.

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ART WORLD INDUSTRIES, INC.

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PART I. FINANCIAL INFORMATION

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ART WORLD INDUSTRIES, INC. and SUBSIDIARIES

The condensed consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations; however, the Company believes that the disclosures are adequate to make the information presented not misleading. In the opinion of management, the financial statements include all adjustments necessary to present fairly the financial position of the Company as of February 29, 1992 and August 31, 1991, the results of its operations for the six months ended February 29, 1992 and 1991, and its cash flows for the six months ended February 29, 1992 and 1991. It is suggested that these financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's latest annual report.

ART WORLD INDUSTRIES, INC AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

ASSETS

	February 29, 1992 unaudited	August 31, 1991
CURRENT ASSETS		
Cash	$ 2,796	$ 33,611
Accounts receivable, net of allowance for doubtful accounts	588,242	898,835
Inventories	3,264,148	3,214,764
Prepaid expenses	-	12,285
TOTAL CURRENT ASSETS	3,855,186	4,159,495
Furniture, fixtures and equipment, net of accumulated depreciation	24,895	63,466
OTHER ASSETS		
Art plates	380,000	380,000
Deposits	13,580	13,580
Organization costs-net	11,500	12,000
TOTAL OTHER ASSETS	405,080	425,580
TOTAL ASSETS	$ 4,285,161	$ 4,628,541

LIABILITIES AND STOCKHOLDERS' EQUITY

	February 29, 1992 unaudited	August 31, 1991
CURRENT LIABILITIES		
Current portion of long term debt	$ 27,000	$ 59,339
Accounts payable and accrued expenses	346,209	509,498
Loans and notes payable	1,228,703	1,385,472
Payroll and sales tax payable	125,814	92,036
TOTAL CURRENT LIABILITIES	1,727,726	2,046,345
Long-term debt, net of current portion	78,714	25,143
Loan payable-officer-stockholder	338,401	299,182
STOCKHOLDERS' EQUITY		
Common stock, $.001 par value: authorized 50,000,000 shares: issued and outstanding 6,963,501	6,963	6,963
Additional paid-in capital	4,113,605	4,113,605
Deficit	(1,835,248)	(1,717,697)
Less treasury stock	(145,000)	(145,000)
TOTAL STOCKHOLDERS' EQUITY	2,140,320	2,257,871
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 4,284,161	$ 4,628,541

ART WORLD INDUSTRIES, INC. AND SUBSIDIARIES
Consolidated Statement of Income
(unaudited)

	For the three months ended February 29,	
	1992	1991
SALES	$ 420,412	$1,284,328
COST OF GOODS SOLD	99,952	702,472
GROSS PROFIT	320,460	581,856
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	231,595	388,637
NET INCOME BEFORE PROVISION FOR FEDERAL AND STATE INCOME TAXES	88,865	193,219
NON-RECURRING ITEMS:		
Reserve against losses of investments in marketable securities	-	200,000
Recapture of reserve for losses from lease abandonment	-	101,162
NET INCOME BEFORE PROVISION FOR FEDERAL AND STATE INCOME TAXES	88,865	94,381
PROVISION FOR INCOME TAXES	35,156	43,851
INCOME BEFORE EXTRAORDINARY ITEMS	53,709	50,530
NET INCOME PER SHARE BEFORE EXTRAORDINARY ITEM	.0077	.0073
EXTRAORDINARY ITEM:		
TAX BENEFIT FROM NET OPERATING LOSS CARRYOVER	36,843	39,462
NET INCOME	$ 90,652	$ 89,992
NET INCOME PER SHARE	$ .01	$ .01

ART WORLD INDUSTRIES, INC. AND SUBSIDIARIES
Consolidated Statement of Income
(unaudited)

	For the six months ended February 29, 1992	 1991
SALES	$1,296,893	$2,540,279
COST OF GOODS SOLD	506,630	1,319,055
GROSS PROFIT	790,263	1,221,224
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	627,944	753,042
NET OPERATING INCOME BEFORE PROVISION FOR FEDERAL AND STATE INCOME TAXES	162,319	468,182
NON-RECURRING ITEMS:		
Reserve against losses of investments in marketable securities	-	200,000
Recapture of reserve for losses from lease abandonment	-	101,162
NET INCOME BEFORE PROVISION FOR FEDERAL AND STATE INCOME TAXES	162,319	369,344
PROVISION FOR INCOME TAXES	64,604	171,605
INCOME BEFORE EXTRAORDINARY ITEMS	97,715	197,739
INCOME PER SHARE BEFORE EXTRAORDINARY ITEMS	0.015	0.03
EXTRAORDINARY ITEM:		
Tax benefit from net operating loss carry-foreward	61,591	154,431
NET INCOME	$ 159,306	352,170
INCOME PER SHARE	$ 0.024	0.05

ART WORLD INDUSTRIES, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Unaudited)

	For the six Months ended February 29.	
	1992	1991
Cash Flows from(to) Operating Activities		
Net income (loss)	$ 159.309	$ 352.170
Adjustment to reconcile net income to net cash from operations:		
Depreciation and amortization	24,550	29.075
Increase (decrease) in cash resulting from changes in current assets and current liabilities.		
Accounts Receivable	310,593	25.628
Inventories	(49,384)	43,777
Investment in Marketable Securities	-	(37,764)
Prepaid Expenses	12,285	12,563
Current Maturities of long-term debt	(32,339)	(19,050)
Accounts Payable and Accrued Expenses	(163,289)	(336,927)
Loans and Notes Payable	(156,769)	5.591
Payroll and Sales Tax Payable	33,778	1,777
Loss from Lease Abandonment	-	(159.904)
Reserve against loss of investment	-	200,000
Franchise Tax Payable	-	17,174
Net Cash Flow from (to) Operations	138,734	134,110
Cash Flows from (to) Investing Activities		
Capital Expenditures	(45,944)	-
Cash Flows (to) Financing Activities		
Repayment of Long-term Debt	22,756	(19,655)
Repayment of Loans From Officers/Directors and Stockholders	39,219	(59.566)
Increase in Deposits for Art	-	(50,500)
Net Cash Flows (to) Financing Activities	61,975	(132,421)
Increase (Decrease) in Cash	(30,815)	1,689
Cash, Beginning of Period	33,611	32.047
Cash, End of Period	$ 2,796	$ 33,736

ART WORLD INDUSTRIES, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

Note 1. Summary of Significant Accounting Policies.

The consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations; however, the Company believes that the disclosures are adequate to make the information presented not misleading. In the opinion of management, the financial statements include all adjustments necessary to present fairly the financial position of the Company as of February 29, 1992 and August 31, 1991, the results of its operations for both the three month and six months period ended February 29, 1992 and 1991, and its cash flows for the six months ended February 29, 1992 and 1991. It is suggested that these financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's latest annual report.

Note 2. Related Party Transactions

From time to time and as required, various officers, directors and or stockholders have loaned to the Company amounts necessary to cover certain cash requirements. These loans are non-interest bearing and a repayment schedule has not been established as these loans have been subordinated to certain long-term debt. The amounts shown on the balance sheet are distributed as follows:

Basil R. Collier	$246,751
Robert Zane	32,285
Ira Kaplan	(3,222)
Robert Kohn	62,587
	$338,401

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Introduction

Art World Industries, Inc. ("The Company"), prints, publishes and sells a wide range of art, principally at wholesale, throughout the United States and world. The Company provides fine art, original oil paintings and high quality reproductions primarily to the gallery market. The Company also provides a variety of lesser quality prints to national retailers. The Company utilizes innovative marketing techniques and packaging formats for the mass merchandise market.

Results of operations for the three months ended February 29, 1992, and February 28, 1991.

Revenues

Revenues of $420,412 declined by approximately 67% for the three months ended February 29, 1992, compared to revenues of $1,284,328 for the three months ended February 28, 1991. This decline is the result of the recession currently being experienced. The decline in sales, includes all types of sales, foreign, domestic and national retail. In the opinion of management, the decline in sales, while deeper and of longer duration than expected, should turnaround in the next period. This is indicated by inquiries and orders for future sales.

Cost of Goods Sold

The cost of goods sold represents approximately 24% of gross revenue for the tree months ended February 29, 1992, compared to approximately 55% for the three months ended February 28, 1991. The favorable percentage for the recent quarter reflects a larger percentage of sales of art published by the company.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased as a percentage of revenues,, representing approximately 55% of the gross revenues for the three months ended February 29, 1992, compared to 30% for the three month period ended February 28, 1991. The increase is the result of the reduction in gross revenues against fixed overhead.

Liquidity and Capital

The Company's cash and net working capital resources on hand at February 29, 1992, were $2,798 and $2,127,462 respectively.

The Company's working capital requirement have been financed primarily through borrowings from officers, directors and stockholders. The Company is presently indebted to such persons in the amount of $338,401, representing principle and interest accrued through February 29, 1992. Most of these loans are on a demand basis, and were repayment demanded for all or any significant amount of these loans, it is likely that the Company would experience a severe working capital deficit, could lose the ability to pay its debts as they mature, and, under those circumstances, the Company might be required to be liquidated.

The Company expects to finance its cash requirements for daily operations from cash generated on a daily basis and inventory and receivable financing. Assuming that inventory and or receivable financing were unavailable to the Company, and assuming further that it was unable to collect is accounts receivable, then the Company would experience a lack of liquidity. The Company would attempt to remedy that lack of liquidity by accelerating collection of receivables, by issuing additional debt of equity on such terms as may then be available to the Company, or by reducing the size of its operations and related expenses. To the extent that such steps were insufficient to restore the Company's liquidity, the Company would have to drastically curtail its operations.

PART II. OTHER INFORMATION

Item 1 Legal Proceedings.

The Registrant has no knowledge of any matter required to be reported hereunder.

Item 2 Changes in Securities.

Not applicable.

Item 3 Defaults Upon Senior Securities.

Not applicable.

Item 4 Submission of Matters to a vote of Securities Holders.

Not applicable.

Item 5 Other Information.

Not applicable.

Item 6 Exhibits and Reports on Form 8-K.

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, The Registrant has duly caused this report to be signed on its behalf.

ART WORLD INDUSTRIES, INC.

BY: Basil R. Collins President

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

S.E.C.
MAY 15 1992

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

B92-2249

For the quarterly period ended March 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from__________to____________

Commission File Number 0-132-58

BOOLE & BABBAGE, INC.

(Exact name of Registrant as specified in its charter)

Delaware	94-1651571
(State or other jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification No.)

510 Oakmead Parkway, Sunnyvale, California 94086-4022
(Address of principal executive offices) (Zip Code)

Registrant's Telephone number, including area code: (408)735-9550

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No__

4,033,833 shares of common stock of the Registrant were outstanding as of May 1, 1992.

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BOOLE & BABBAGE, INC.

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BOOLE & BABBAGE, INC
Consolidated Balance Sheets
(Dollars in thousands) (Unaudited)

	Mar. 31, 1992	Sept. 30, 1991
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$10,987	$8,743
Accounts receivable, net	23,187	21,918
Installment and other receivables, net	7,452	5,349
Prepaid expenses and other current assets	3,349	2,250
TOTAL CURRENT ASSETS	44,975	38,260
Purchased and internally developed software, net	11,673	12,329
Equipment, furniture and leasehold improvements, net	11,845	10,471
Long term installment and other receivables	4,036	2,784
Costs in excess of net assets of purchased businesses, net	779	799
Other assets	228	267
TOTAL ASSETS	$73,536	$64,910
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$4,948	$6,213
Accrued payroll expense	4,637	4,686
Other accrued liabilities	10,932	8,413
Deferred taxes on income	99	99
Capital lease obligations due within one year	1,370	1,204
Deferred maintenance revenue	24,194	22,869
TOTAL CURRENT LIABILITIES	46,180	43,484
Capital lease obligations due after one year	6,442	4,384
Deferred maintenance revenue due after one year	4,468	3,830
TOTAL LIABILITIES	57,090	51,698
STOCKHOLDERS' EQUITY		
Preferred stock, 2,000,000 shares authorized, $.001 per value, none issued	--	--
Common stock, $.001 par value, authorized-- [illegible],500,00 shares; issued 4,169,553 (4,082,357 at September 30, 1991)	4	4
Additional paid in capital	15,117	14,341
Retained earnings	3,039	263
Foreign currency translation adjustment	(730)	(412)
Less treasury stock, 157,000 shares, at cost	(984)	(984)
TOTAL STOCKHOLDERS' EQUITY	16,446	13,212
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$73,536	$64,910

See accompanying notes.

BOOLE & BABBAGE, INC.

Consolidated Statements of Income
(Amounts in thousands, except earnings per share)
(Unaudited)

	Three Months Ended March 31,	
	1992	1991
REVENUE:		
Product licensing	$12,285	$11,229
Maintenance contracts	13,427	12,184
Services and other	1,145	1,336
Total revenue	26,857	24,749
COSTS AND EXPENSES:		
Cost of sales	4,396	4,395
Product development and support	4,619	5,004
Sales and marketing	12,379	12,098
General and administrative	3,446	4,101
Restructuring and other	--	4,857
Total costs and expenses	24,840	30,455
OPERATING INCOME (LOSS)	2,017	(5,706)
Interest and other income (expense), net	(151)	(19)
INCOME (LOSS) BEFORE INCOME TAXES	1,866	(5,725)
Provision (benefit) for income taxes	512	(82)
NET INCOME (LOSS)	$1,354	($5,643)
EARNINGS (LOSS) PER SHARE	$0.30	($1.46)
NUMBER OF SHARES USED IN PER SHARE CALCULATIONS	4,500	3,872

See accompanying notes.

BOOLE & BABBAGE, INC.

Consolidated Statements of Income

(Amounts in thousands, except earnings per share)

(Unaudited)

	Six Months Ended March 31,	
	1992	1991
REVENUE:		
Product licensing	$25,909	$24,730
Maintenance contracts	26,512	24,900
Services and other	2,139	2,590
Total revenue	54,560	52,220
COSTS AND EXPENSES		
Cost of sales	9,214	9,531
Product development and support	9,541	9,457
Sales and marketing	24,817	25,525
General and administrative	7,143	7,567
Restructuring and other	--	4,857
Total costs and expenses	50,715	56,937
OPERATING INCOME (LOSS)	3,845	(4,717)
Interest and other income (expense), net	(17)	58
INCOME (LOSS) BEFORE INCOME TAXES	3,828	(4,659)
Provision for income taxes	1,052	131
NET INCOME (LOSS)	$2,776	($4,790)
EARNINGS (LOSS) PER SHARE	$0.63	($1.24)
NUMBER OF SHARES USED IN PER SHARE CALCULATIONS	4,400	3,858

See accompanying notes.

BOOLE & BABBAGE, INC.

Consolidated Statements of Cash Flows

(Dollars in thousands) (Unaudited)

	Six Months Ended March 31,	
	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$2,776	($4,790)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:		
Depreciation and amortization	4,162	4,574
Deferred income taxes	--	(172)
Stock issued under compensatory stock option plans	287	--
Changes in operating assets and liabilities:		
Accounts receivable and installment contracts receivable	(4,535)	(2,639)
Prepaid expenses	(1,065)	(458)
Deferred income	1,920	2,476
Accounts payable and accrued expenses	1,300	3,397
Net cash provided by operating activities	4,845	2,388
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of equipment, furniture and leasehold improvements	(1,014)	(1,473)
Payments for capitalized software	(1,114)	(2,048)
Net cash used for investing activities	(2,128)	(3,521)
CASH FLOWS FROM FINANCING ACTIVTIES:		
Sale of lease contracts receivable	--	2,049
Proceeds from issuance of common stock	488	476
Payments on capital leases	(498)	(397)
Net cash provided by (used for) financing activities	(10)	2,128
Effect of exchange rate changes on cash	(463)	(479)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,244	516
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	8,743	7,906
CASH AND CASH EQUIVALENTS - END OF PERIOD	$10,987	$8,422
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$734	$510
Income taxes	$104	$160

Supplemental disclosures of noncash investing and financing activities:

In March 1992, a capital lease obligation of $2,722,000 was incurred when the Company entered into a lease for certain computer equipment.

See accompanying notes.

BOOLE & BABBAGE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Basis of Presentation

1. The accompanying consolidated financial statements include the accounts of all subsidiaries after the elimination of all significant intercompany items and transactions.

   A summary of the significant accounting policies of the Company is included in Note 1 of Notes on Consolidated Financial Statements in the Company's report on Form 10-K for the year ended September 30, 1991. It is suggested that these consolidated financial statements be read in conjunction with those notes.

   The consolidated financial information at March 31, 1992 and for the three- and six- month periods ended March 31, 1992 and 1991 is unaudited. The statememts in this report include all adjustments of a normal recurring nature. In the opinion of management, these adjustments are necessary for a fair statement of the interim results for the periods presented. The interim results are not necessarily indicative of the results for the full year.

2. Income per common share is computed by adding to the weighted average number of common shares outstanding during the period the number of dilutive common shares that would be issuable upon the exercise of outstanding options using the treasury stock method of computation. Fully diluted earnings per share is not disclosed because it is not materially different from primary earnings per share.

3. Certain reclassifications to the prior period financial statements have been made to conform to current period classifications.

BOOLE & BABBAGE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS: Six months ended March 31, 1992

In fiscal 1991 the Company adopted the American Institute of Certified Public Accountants' Statement of Position (SOP) on Software Revenue Recognition. The results of the six months ended March 31, 1991 have been restated to reflect the adoption of the SOP. In addition certain reclassifications to the prior period financial statements have been made to conform to current period classifications.

REVENUES:

Revenue for the six months ended March 31, 1992 increased 4.5% to $54,560,000 compared to $52,220,000 for the same period in fiscal 1991. The components of revenue for the current period are as follows:

	Dollar Amount	% of Total Revenues	% Change from FY 91
Product licensing	$ 25,909,000	47.5%	4.8%
Maintenance contracts	26,512,000	48.6%	6.5%
Services and other	2,139,000	3.9%	-17.4%
Total	$54,560,000	100.0%	4.5%

Product licensing:

Product licensing revenues, representing 47.5% of total revenues for the period, increased 4.8% compared to the period a year earlier. Management attributes this increase principally to increased demand by customers and an improving global economic environment. The Company's international operations contributed 57.2% or $14,820,000 of total product licensing revenue compared to 42.8% and $11,089,000 for domestic operations.

Maintenance contracts:

Maintenance revenue is generated from maintenance services the Company provides and includes technical support, product enhancements, system updates and user documentation. When the Company licenses its software products under a perpetual license, the first year of maintenance services is included at no additional charge. Thereafter on the anniversary date of the sale and in each subsequent year, the customer may elect to renew its maintenance agreement with the Company. Customers may also elect to purchase advance maintenance at the time of product licensing for maintenance periods beyond the first year. Maintenance revenue is comprised of an allocation for first-year maintenance which is included in the product licensing price, maintenance renewals, and advance maintenance. All maintenance revenues are recognized ratably over the relevant periods.

Maintenance revenue, representing 48.6% of total revenues for the six month period ending March 31, 1992, increased 6.5% or $1,612,000 over the comparable period in fiscal 1991. Maintenance revenues accounted for 47.7% of total revenues in the same period of fiscal 1991. The Company is dependent upon increased new product licensing revenues and continued high quality maintenance support and upgrades to ensure future maintenance revenue increases.

Services and other:

Revenues derived from services and other decreased 17.4% to $2,139,000 for the period just ended compared with the same period in fiscal 1991. This category of revenues represents consulting, educational services, and the Company's computer time-sharing services division ("BBCS"). The decrease compared to the same quarter a year earlier is attributable to both a decrease in time-sharing revenue as more resources were devoted to internal engineering needs, and a reduction in consulting revenues as the Company de-emphasized this channel to focus on software sales. This decrease was partially offset by approximately $477,000 in periodic payments received from the termination of certain product distribution rights in the third quarter of 1991.

COSTS AND EXPENSES:

	Dollar Amount	% of Total Revenues	% Change from FY 91
Cost of sales	$ 9,214,000	16.9%	-3.3%
Product development and support	9,541,000	17.5%	0.9%
Sales and marketing	24,817,000	45.5%	-2.8%
General and administrative	7,143,000	13.1%	-5.6%
Restructuring and other	0	0%	n/a
Total	$50,715,000	93.0%	-10.9%

Excluding the "Restructuring and other" caption, total costs and expenses decreased 2.6% from fiscal 1991.

Cost of sales:

Cost of sales consists primarily of royalties paid to independent software authors, amortization of purchased and internally developed software, the cost of hardware associated with sales of certain network products and costs related to operating BBCS. Cost of sales represented 16.9% of revenue for the current period compared to 18.3% for the same period a year earlier. This decrease is attributed to the expiration in December 1991 of a royalty agreement related to the purchase of Empact Software in 1988. This resulted in $450,000 less in royalty expense for the six months ending March 31, 1992 than for the same period in 1991. In general, fluctuations in the relationship of cost of sales to revenue are caused primarily by changes in revenue mix and amortization of capitalized software.

Product development and support:

Product development and support costs increased 0.9% over the same period a year earlier to $9,541,000 and represented 17.5% of revenue compared to 18.1% of revenue in the same period of fiscal 1991. The slight increase is attributable primarily to an approximately $500,000 decrease in capitalization of software development costs which was offset by the implementation of management's cost control program initiated September 1991. The Company capitalizes certain development costs in accordance with Statement of Financial Accounting Standards No. 86 ("FAS 86"). To the extent that the Company capitalizes its product development costs, the effect is to defer such costs to future periods. Product development and support expenses may fluctuate quarterly depending in part upon the number and status of internal software development projects.

Sales and marketing:

Sales and marketing expense decreased 2.8% over the same period a year earlier and represented 45.5% of revenue compared to 48.9% a year earlier. Reduced headcount resulting from the consolidation of worldwide marketing as well as a decrease in advertising and promotional expenses account for most of this decrease. The decrease was partially offset by an increased sales staff at Empact Software and costs associated with the start-up of the Company's Australian subsidiary.

General and administrative:

Compared to the six month period ended March 31, 1991, general and administrative costs decreased $425,000, or 5.6%, to $7,143,000. As a percentage of revenues, these expenses decreased from 14.5% to 13.1%. Major areas of decrease included personnel costs, outside consultants, and bad debt expense.

BOOLE & BABBAGE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Interest and other income, net:

Interest and other income consists principally of interest income, interest expense, and currency gain or loss. These items resulted in a net expense in 1992 due mainly to more unfavorable currency exchange rates in 1992 and to the increased costs associated with financing of the Company's upgrades to its mainframe computer. Finance obligations were entered into in March 1991 and March 1992 for these upgrades.

Income taxes:

The Company's provision for income taxes for the six months ended March 31, 1992 reflects the expected annual effective tax rate applied to the period's earnings. The Company's effective tax rate was 27.5% in 1992 compared to a 12.6% effective benefit rate for 1991. The Company's effective tax rate differs from the federal statutory rate due primarily to permanently invested earnings of foreign subsidiaries being taxed at rates lower than the federal statutory rate and federal net operating loss carryforwards. The increase over fiscal 1991 is primarily due to restrictions in Statement of Financial Accounting Standards No. 96 regarding the assumed realization of deferred tax assets.

Liquidity and capital resources:

The net increase in cash was $2,244,000 which was comprised of cash provided from operations of $4,845,000 offset by $2,128,000 and $10,000 used for investing and financing activities respectively, and a $463,000 decrease related to exchange rate changes. Included as a reduction in cash from operations were advances of approximately $1,044,000 to a third-party software supplier. In March 1992 the Company financed a $2,722,000 upgrade to certain computer equipment.

Included in cash is a $2,800,000 certificate of deposit pledged as collateral for the above mentioned financing of the CPU upgrade. The Company's bank line of credit expired February 29, 1992 and management is finalizing arrangements for a new line of credit of approximately $10,000,000 and a standby letter of credit to replace the collateralized certificate of deposit. Management believes that this new line of credit together with cash flows from operations and existing cash resources will be adequate to meet its working capital requirements at least for the foreseeable future.

BOOLE & BABBAGE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS: Three months ended March 31, 1992

Many of the same explanations and variances from the six month results discussion also apply to the second quarter results, and therefore, are not repeated here. A summary is provided as follows:

REVENUES:

Revenue for the three months ended March 31, 1992 increased 8.5% to $26,857,000 compared to $24,749,000 for the same quarter in fiscal 1991. The components of revenue for the current quarter are as follows:

	Dollar Amount	% of Total Revenues	% Change from FY 91
Product licensing	$ 12,285,000	45.7%	9.4%
Maintenance contracts	13,427,000	50.0%	10.2%
Services and other	1,145,000	4.3%	-14.3%
Total	$26,857,000	100.0%	8.5%

The Company's international operations contributed 55.1% or $6,769,000 of total product licensing revenue compared to 44.9% and $5,516,000 for domestic operations.

COSTS AND EXPENSES:

	Dollar Amount	% of Total Revenues	% Change from FY 91
Cost of sales	$ 4,396,000	16.4%	0.0%
Product development and support	4,619,000	17.2%	-7.7%
Sales and marketing	12,379,000	46.1%	2.3%
General and administrative	3,446,000	12.8%	-15.9%
Restructuring and other	0	0%	n/a
Total	$24,840,000	92.5%	-18.4%

Excluding the "Restructuring and other" caption, total costs and expenses decreased 3.0% from fiscal 1991.

PART II. OTHER INFORMATION

ITEM 6. Exhibits and Reports on Form 8-K (a) Exhibits - None

(b) Reports on Form 8-K - None

BOOLE & BABBAGE, INC. SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BOOLE & BABBAGE, INC.

May 13, 1992

Paul E Newton

Paul E. Newton
President and Director
(Principal Executive Officer)

May 13, 1992

Arth F. Knapp Jr

Arthur F. Knapp, Jr.
Senior Vice President
Chief Financial Officer
(Principal Financial and
Accounting Officer)

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1991

82-2249

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to ___

BEST COPY AVAILABLE

Commission file number 33-11146-NY

CAPITAL VENTURES INC. /DE/
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

13-3357841
(I.R.S. Employer Identification Number)

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2519 North Hayden Island D
Portland, Oregon
(Address of Principal Executive Offices)

97217
(Zip Code)

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Registrant's Telephone Number: (503) 285-2400

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

_____ Yes __X__ No

Indicate the number of shares outstanding of each of the Issuer's classes of common stock as of the latest practicable date:

Common, $.0001 par value: 5,237,000
outstanding as of May 15, 1992

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Capital Ventures Inc.

June 30, 1991

The financial information herein is unaudited. However, in the opinion of management, such information reflects all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the results of operations for the period being reported. Additionally, it should be noted that the accompanying condensed financial statements do not purport to be complete disclosures in conformity with generally accepted accounting principles.

The results of operations for the six months ended June 30, 1991 are not necessarily indicative of the results of operations that may be expected for the full fiscal year ended December 31, 1991.

These condensed statements should be read in conjunction with the Company's financial statements for the year ended December 31, 1990.

CAPITAL VENTURES INC.
BALANCE SHEET
JUNE 30, 1991

ASSETS

CURRENT ASSETS		
Cash	$ 19,270	
TOTAL CURRENT ASSETS		$ 19,270
TOTAL ASSETS		$ 19,270

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
TOTAL CURRENT LIABILITIES		0
STOCKHOLDERS' EQUITY		
Common stock, $.0001 par value, 80,000,00 shares authorized, 5,587,000 shares issued and outstanding	$ 559	
Additional paid in capital	110,833	
Accumulated Deficit	(92,122)	
TOTAL STOCKHOLDERS' EQUITY		$ 19,270
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		$ 19,270

CAPITAL VENTURES INC.
BALANCE SHEET
DECMEBER 31, 1990

ASSETS

CURRENT ASSETS		
Cash	$ 25,000	
TOTAL CURRENT ASSETS		$ 25,000
TOTAL ASSETS		$ 25,000

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
TOTAL CURRENT LIABILITIES		NONE
STOCKHOLDERS' EQUITY		
Common stock, $.0001 par value, 80,000,00 shares authorized, 5,587,000 shares issued and outstanding	$ 559	
Additional paid in capital	110,832	
Accumulated Deficit	(86,391)	
TOTAL STOCKHOLDERS' EQUITY		25,000
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		$25,000

CAPITAL VENTURES INC.
STATEMENT OF OPERATIONS

	QUARTER ENDED 6/30/91	QUARTER ENDED 6/30/90	SIX MONTHS ENDED 6/30/91	SIX MONTHS ENDED 6/30/90
Revenues	0	0	0	0
Expenses	$ 2,124	$ 4,319	$ 6,124	$ 10,659
Net (Loss) From Operations	$ (2,124)	$ (4,319)	$ (6,124)	$ (10,659)
Other Income: Interest	210	0	394	0
Net (Loss)	$ (1,914)	$ (4,319)	$ (5,730)	$ (10,659)
Net (Loss) Per Share	$ 0	$ 0	$ 0	$ 0
Average Number of Shares Outstanding	5,587,000	20,587,000	5,587,000	20,587,000

CAPITAL VENTURES INC.
STATEMENT OF CASH FLOWS

	QUARTER ENDED 6/30/91	QUARTER ENDED 6/30/90	SIX MONTHS ENDED 6/30/91	SIX MONTHS ENDED 6/30/90
Cash flows from operating activities:				
Net (Loss)	$ (1,914)	$ (4,319)	$ (5,730)	$ (10,659)
Adjustment to reconcile net income to net cash provided by operating activities:	-	-	-	-
Net cash used by operating activities	$ (1,914)	$ (4,319)	$ (5,730)	$ (10,659)
Cash flows from investing activities: collection of intercompany receivable				$ 10,000
Net cash provided by investing activities				$ 10,000
Net increas (decrease) in cash	$ (1,914)	$ (4,319)	$ (5,730)	$ (659)
Cash at beginning of period	21,184	8,175	25,000	4,515
Cash at end of period	$ 19,270	$ 3,856	$ 19,270	$ 3,856

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

General

The Company, incorporated in the State of Delaware in August 1986, was organized primarily for the purpose of creating a corporate vehicle to seek, investigate and acquire an interest in business opportunities. In August 1987, the Company completed a public offering of 1,500,000 Units at $.10 per Unit. In December 1987, the Company entered into a stock exchange transaction with the shareholders of Starrett Trading, Inc., a New York corporation ("Starrett"), pursuant to which the Company acquired all of the issued and outstanding shares of capital stock of Starrett in exchange for 15,000,000 shares of Common Stock of the Company (the "1987 Agreement"). As a result, Starrett became a wholly-owned subsidiary of the Company.

During the latter part of 1990, the Company determined that it would be in its best interests and the best interests of its unaffiliated shareholders for the Company to discontinue its operations as conducted through Starrett. As a result, in December 1990, the Company transferred all of the issued and outstanding shares of capital stock of Starrett in exchange for 12,000,000 shares of Common Stock of the Company acquired pursuant to the 1987 Agreement. The balance of 3,000,000 shares originally issued pursuant to the 1987 Agreement was returned to the Company prior thereto in 1990. In addition, as a result of the foregoing transaction, the Company was left with $25,000 in cash and no liabilities of any kind.

Accordingly, as of December 1990, the Company is no longer involved in the business of Starrett in any capacity. Insofar that Starrett was at the time the only business of the Company, the Company has since been seeking to acquire another business opportunity. In May 1992, the Company signed a Letter of Intent to acquire Hi-Tech Computer Products, Inc., a Florida corporation ("Hi-Tech") which is engaged primarily in the business of selling, distributing and servicing new and refurbished computer equipment. Such transaction with Hi-Tech has not been consummated to date and no assurance can be given that such transaction will, in fact, ever be completed.

Liquidity and Capital Resources

As of June 30, 1991, the Company had working capital of $19,270 and stockholders' equity of $19,270.

Management is currently seeking to acquire another business opportunity. In connection therewith, and as mentioned above, the Company recently entered into a Letter of Intent. In this regard, there can be no assurance that the transaction contemplated thereby will be consummated, or if consummated, that such business venture will be successful.

Results of Operations

During the six months ended June 30, 1991, the Company had no revenues compared to no revenues during the six months ended June 30, 1990. The Company had interest income of $394 for the six months ended June 30, 1991 compared to no interest income for the six months ended June 30, 1990.

Operating expenses for the six months ended June 30, 1991 were $6,124 compared to expenses of $10,659 for the six months ended June 30, 1990.

The Company incurred a net loss of $5,730 for the six months ended June 30, 1991 compared to a net loss of $10,659 for the six months ended June 30, 1990.

The information reflected herein does not include the operations of Starrett which was a wholly-owned subsidiary of the Company from December 1987 through December 1990.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. Changes in Securities

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

None

(b) Reports on Form 8-K

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CAPITAL VENTURES INC.
(Registrant)

Dated: 6/5/92

By: ______________________
Martin Rifkin, President

Dated: 6/5/92

By: ______________________
Martin Rifkin, Principal Financial Officer

0 228607

[redacted]

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

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For Quarter Ended: January 31, 1992

Commission File Number: 33-12613-NY

CELESTIAL VENTURES CORPORATION
(Exact name of Registrant as specified in its charter)

Nevada
(State or other jurisdiction of incorporation)

22-2814206
(IRS employer identification number)

2455 East Sunrise Boulevard, Suite 905, Fort Lauderdale, Florida 33304
(Address, including zip code, of Registrant's principal executive offices)

(305) 564-6616
(Registrant's telephone number, including area code)

900 North Federal Highway, Suite 460, Boca Raton, Florida 33432
(Former name, address and fiscal year, if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 of 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports, and (2) has been subject to such filing requirements for the past 90 days.

YES X NO ____

Indicate the number of shares outstanding of each of the Issuer's classes of common stock, as of the latest practicable date.

Class: Common
Outstanding at January 31, 1992: 188,660,000

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CELESTIAL VENTURES CORPORATION

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Condensed Consolidated Statement of Stockholders' Equity from October 31, 1991 through January 31, 1992 4

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CELESTIAL VENTURES CORPORATION AND SUBSIDIARY

CONDENSED CONSOLIDATED BALANCE SHEETS

	JANUARY 31 1992	OCTOBER 31 1991
Assets		
Current Assets		
Cash and Cash Equivalents	$ 25,015	$ 43,572
Property & Plant Equipment		
Furniture and Fixtures	6,069	6,069
Less: Allowance for Depreciation	(3,195)	(2,891)
	$ 2,875	$ 3,178
Other Assets		
Investment in Joint Venture	201,875	201,875
Organization Expense - Net	65	87
	201,926	201,962
Total Assets	$229,815	$248,683
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts Payable		$ 892
Shareholders' equity		
Preferred stock - $.001 par value; authorized 500,000,000; issued and outstanding - 1,886,500 shares at January 31, 1991 and July 31, 1991	1,863	1,863
Common stock - $.001 par value; authorized 500,000,000; issued and outstanding - 188,660,000 shares at April 30, 1991 and July 31, 1991	188,660	188,660
Less: common stock discount below par value	(28,500)	(28,500)
Additional Paid in Capital	764,977	764,977
Accumulated Deficit	(697,185)	(679,209)
Total Stockholders' Equity	229,815	247,731
Total Liabilities & Shareholders' Equity	$229,815	$248,683

See Accompanying Notes to Condensed Consolidated Financial Statement

CELESTIAL VENTURES CORPORATION AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

	For the Three Months Ended January 31, 1992	1991
Income	$ - 0 -	$ - 0 -
Operating Expenses:		
General & Administrative	18,324	20,879
Interest Income	348	1,650
Net Loss	$(17,976)	$(19,229)
Net (Loss) Per Share	(NIL)	(NIL)

See Accompanying Notes to Condensed Consolidated Financial Statements

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CELESTIAL VENTURES CORPORATION AND SUBSIDIARY

CONDENSED STATEMENT OF STOCKHOLDERS' EQUITY

FROM OCTOBER 31, 1991 THROUGH JANUARY 31, 1992

	Preferred Stock	Common Stock	Common Stock Discount	Additional Paid-In Capital	Accumulated Deficit
Balance - 10/31/91	$ 1,863	$188,660	$(28,500)	$764,977	$(679,209)
Net Loss Three Months Ended 1/31/92	-	-	-	-	(17,976)
Balance - 1/31/92	1,863	188,660	(28,500)	764,977	(697,185)

See Accompanying Notes to Condensed Consolidated Financial Statement

CELESTIAL VENTURES CORPORATION AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE THREE MONTHS ENDED JANUARY 31, 1992

Cash Flows From Operating Activities:	
Net Loss	$ (17,976)
Depreciation and Amortization	311
Increase in Accounts Payable	(892)
Net (Decrease) in Cash and Cash Equivalents	(18,557)
Cash - October 31,1991	43,572
Cash - January 31, 1992	$ 25,015

See Accompanying Notes to Condensed Consolidated Financial Statements

CELESTIAL VENTURES CORPORATION AND SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Business

Celestial Ventures Corporation was organized under the laws of the state of Nevada on January 28, 1987. The Company was in its developmental stage until May 29, 1989. (See Note 4).

B. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opionion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended January 31, 1992, are not necessarily indicative of the results that may be expected for the year ended October 31, 1992. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended October 31, 1991.

NOTE 2 - CAPITALIZATION

(1) Celestial Ventures Corporation was incorporated with and authorized to issue 200,000,000 shares of $.001 par value comcom stock. On February 17, 1987, 30,000,000 shares were issued at $.00005 per share for a total consideration of $1,500. These shares were issued to four diffrent individuals. These 30,000,000 shares, even though issued below par, are fully paid and nonassessable.

According to counsel for the Corporation, the laws of the State of Nevada provide for a discount on original issued capital stock whether or not that stock carries a par value so long as the action is ratified by the Board of Directors and is otherwise in compliance with applicable law. He cites NRS Section 78.195 (1) and (7), NRS Sections 78.207 and 78.215. In addition, he states that such discounts do not make the stock assesable and cites NRS Section 78.225.

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NOTE 2 - CAPITALIZATION (CONTINUED)

(2) On February 17, 1987, the Board of Directors authorized the public sale of 4,000,000 units at $.05 per unit. Each unit consists of one common share, par value $.001, and one detachable common stock warrant. Each warrant entitles the holder to purchase one share of common stock at the price of $.20 per share for a three year period commencing with the effective date of the public offering, May 7, 1987. The warrants are callable on a thirty day notice at a call price of $.0001 per warrant.

(3) On October 22, 1987, the Company closed on its public offering of 4,000,000 units of its securities, each unit comprised of one share and one redeemable warrant. On November 9, 1987, the holders of a majority fo the Company's authorized common stock and authorized preferred stock to 500,000,000 shares, respectively, and to effect a five for one stock split. As a result, each shareholder received five shares of common stock for each share previously held and each redeemable warrant now entitles the shareholder to purchase five shares at $.04 per share.

(4) On August 30, 1988, the Company's Board of Directors declared a preferred stock dividend payable to common stockholders of record as of October 7, 1988 at a rate of one share of preferred stock for every 100 shares of Common Stock outstanding, resulting in 1,863,167 shares of preferred stock issued. The preferred stockholders are entitled to dividends on a non-cumulative, annual basis at the rate of $.0005 per share. The preferred stock is convertible into equal numbers of shares of Common Stock at the option of the shareholder, in the event that the Company has failed to declare a dividend during any consecutive 24 month period commencing after January 1, 1989.

NOTE 3 - COMMITMENTS AND CONTINGENCIES

Officer's Remuneration - Since inception, the Company has paid salary to its president at a rate of $500 per week, commencing January 1, 1988. In the event the Company is successful in acquiring businesses that generate operating revenues such revenues would be available to pay salaries to Company officers. Determinations as to compensation will be made by the Company's Board of Directors.

NOTE 4 - INVESTMENT IN JOINT VENTURE

On May 29, 1989, the Company, through its wholly owned subsidiary, Celestial Realty Group, Inc. entered into a Joint Venture Agreement with Mystic Pines, Inc. for the purpose of developing and building single family homes. The Company

NOTE 4 - INVESTMENT IN JOINT VENTURE (CONTINUED)

contributed $525,000 for a 35 percent interest in the venture. In accordance with the joint venture agreement, contracts may be entered into with third parties for the purpose of borrowing funds for the acquisition of property and construction costs only upon approval of both joint ventures and that such loans are on a non-recourse basis to both parties. Profit and lossess will be allocated in relation to capital balances of respective joint ventures. The joint venture agreement will terminate upon agreement of the joint ventures, or no later than December 31, 1999.

NOTE 5 - INCOME TAXES

The Company incurred net operating losses which can be carried forward to offset future net income for up to fifteen years as follows:

Date Incurred	Net Operating Loss Deduction	Year of Expiration
10/31/88	$ 102,962	2003
10/31/89	72,245	2004
10/31/90	84,607	2005

NOTE 6 - LITIGATION

In 1990 the Company and Mystic Pines (a Florida joint venture) initiated a suit against B F Properties and Reserve Estates (the reserve partnership) and other related parties and affiliates. The primary contention in this suit is that the defendants breached its marketing obligations under the purchase agreement for the land acquired for the joint venture. Additionally, alleged fraud was committed in that certain misrepresentations regarding the planning and development of the property which were material inducements to enter into the purchase agreement. In the opinion of the Company's outside legal counsel, it appears that there is a good possibility that the plaintiffs will prevail on the merits with respect to at least some of its claims. The extent of the recovery cannot be ascertained at this time. A loss provision of $250,000 has been reflected on the financial statements to provide for any possible adverse resolution to this litigation.

CELESTIAL VENTURES CORPORATION AND SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - RELATED PARTIES

An officer of the Company has received professional fees for legal services rendered of approximately $4,000 for 1990 and 1989 respectively. Additionally, various employee benefits have been paid.

An officer and stockholder of the Company has received compensation of $30,006 and $34,332 for 1990 and 1989 respectively. Additionally, various employee benefits have been paid.

Item 2. Management's Discussion and Analysis of Financial Conditions and Results of Operations

Financial Condition

Celestial Ventures Corporation, located in Fort Lauderdale, Florida continues to seek the acquisition of existing businesses, divisions of businesses or the assets of businesses that Management identifies as having the significant potential for success. As of October 31, 1991, the Company's financial condition is indicative of a virtually inactive company.

As of October 31, 1991 the Company maintained a balance of $43,572 in cash and cash equivalents as compared to $110,866 as of October 31, 1990 which represents a decrease of $67,294. This is a result of the Company expending $67,294 in connection with general administrative expenses as well as expenses required to keep the Company current in its reporting obligations.

Results of Operation

To date, the Company's only activity has been its involvement as a joint venture partner in Mystic Pines, a Florida joint venture. Mystic Pines was engaged in the development of 49 single family homes in the "Reserve". (See "Item 1") However, due to the failure of Mystic Pines' joint venture partner, B.F. Properties, Ltd. to implement and conduct a marketing program which it had agreed to do pursuant to an agreement, the Company along with its partners filed a lawsuit on June 13, 1990. (See "Item 3")

The lawsuit is being vigorously pursued and a settlement proposal has been submitted as of the date of this Report. The extent of recovery, if any, is speculative at this stage. The Company has however been advised that there is a fairly good possibility of recovering a substantial amount of its investment in the joint venture project and a more remote possibility of recovery for damages incurred including but not limited to land purchase costs, financing costs, development costs, lost revenues, profits, and potentially punitive damages.

The Company will continue to seek viable business opportunities in the coming year and will place special emphasis on acquiring a business which has the potential of producing an immediate cash flow to the Company.

Interest income decreased during fiscal 1991 from $27,441 to $4,362. General and administrative expenses decreased by $38,292 during the year ended October 31, 1991.

The Company continues to seek viable business opportunities in the coming year and will place special emphasis on acquiring a business which has the potential of producing an immediate cash flow to the Company.

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PART II -- OTHER INFORMATION

Item 1. Legal Proceedings

Although there are no material legal proceedings pending against the Company, as of the date of this Report, Celestial Realty Group, Inc., the Company's wholly owned subsidiary remains involved in a lawsuit which was filed by Mystic Pines, a Florida joint venture on June 13, 1990. The amended complaint filed by Mystic Pines seeks the following relief.

(1) Rescission of the purchase agreement;

(2) A declaration whereby Mystic Pines has satisfied or has been excused from its obligations under the purchase agreement as a result of certain breaches of the purchase agreement;

(3) The imposition of an equitable lien against the Reserve Partnership Property for unjust enrichment at the expense of Mystic Pines;

(4) Fraud against the Reserve Partnership and other for misrepresentations made in connection with the planning and development of the Reserve which were material inducements to Mystic Pines entering into the purchase agreement;

(5) Breach of fiduciary relationship by the Reserve Partnership for failure to market and develop the Reserve as promised; and

(6) Breach of Contract for failure of B.F. Properties to perform obligations as contracted.

Progress of the Case

As of the date of this Report, a few key depositions remain to be taken. Court imposed mediation is scheduled for March. In the event the parties are unable to reach a comprehensive settlement, the cause shall likely go to trial this summer.

Mystic Pines is vigorously pursuing the prosecution of this case. Mystic Pines' settlement proposal shall also be further explored at mediation. Should a settlement not be reached, it appears that there is a good possibility that Mystic Pines will prevail on the merits of at least some of its claims, however, the extent of such recovery most difficult to speculate at this time. The facts in the lawsuit established to date would seem to evidence a definitive breach by B.F. Properties of its obligations to Mystic Pines under the Purchase Agreement. Further, the promised events, i.e., new clubhouse, golf course, operating a first class marketing program, have not evolved, and as such, the potential for prevailing on the fraud count is reasonably good as well.

In the event Mystic Pines does prevail, the lower limit return would likely be $450,000 which represents the purchase price of the property. The upper limit would compensate Mystic Pines for all damages incurred including land purchase costs, financing costs, development costs, lost revenues, profits, development and financing expenses and potentially punitive damages. Included in this upper limit would be the imposition of an equitable lien on the Reserve partnership property to insure collectibility of the judgment.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits required by Item 601 of Regulation S-K.

None.

(b) No reports on Form 8-K were filed by the Company for the quarter ending January 31, 1992 up to the date of this report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CELESTIAL VENTURES CORPORATION
(Re[illegible]nt)

Dated: March 16, 1992

Celestial Ventures Corporation

By: Richard P Greene
Richard P.Greene, President

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________________ to ________________

PROCESSED BY
O-9-X
MAY 22 1992

Commission File Number 0-14662

CHEMICAL DEPENDENCY HEALTHCARE, INC.
(Exact name of Registrant as specified in its charter)

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

California	94-2901715
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

3865 Jackson Street, Fountainhead, Riverside, California 92503
(Address of principal executive offices) (Zip Code)

(714) 688-8140

(Registrant's telephone number, including area code)

Former name, former address and former fiscal year if changed since last report:

None

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

Indicate the number of shares outstanding of each of the issuers classes of common stock, as of the latest practicable date:

4,516,438 Shares of Common Stock outstanding as of May 14, 1992.

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PART I - FINANCIAL INFORMATION

		Page No.
Item 1.	Financial Statements	2
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	6

PART II - OTHER INFORMATION

Item 6.	Exhibits and Reports on Form 8-K	7

ITEM 1. FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED BALANCE SHEETS-MARCH 31, 1992 and DECEMBER 31, 1991

	March 31, 1992 (Unaudited)	December 31, 1991
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 6,000	$ 7,000
Accounts receivable, net	29,000	39,000
Total current assets	35,000	46,000
FIXED ASSETS, net	12,000	12,000
OTHER ASSETS	9,000	10,000
	$ 56,000	$ 68,000
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 5,000	$ 6,000
Accrued expenses	66,000	66,000
Total current liabilities	71,000	72,000
SHAREHOLDERS' EQUITY:		
Convertible Series A Preferred stock, no par value, with liquidation preference of $1,600,000: Authorized--5,000,000 shares Outstanding--1,6000,000 in 1991 and 1992	1,398,000	1,398,000
Common stock, no par value: Authorized--10,000,000 shares Outstanding--4,516,438 shares in 1991 and 1992	4,973,000	4,973,000
Accumulated deficit	(6,387,000)	(6,375,000)
	(16,000)	(4,000)
	$ 56,000	$ 68,000

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE QUARTERS ENDED MARCH 31, 1992 AND 1991

	Quarter Ended March 31,	
	1992 (Unaudited)	1991 (Unaudited)
REVENUES:	$ -	$ 59,000
Provision for contractual discounts and uncollectible accounts	-	5,000
Net revenues	-	54,000
EXPENSES:		
Program Operations	-	63,000
General and Administrative	12,000	33,000
Total operating expenses	12,000	96,000
Interest Income	-	1,000
Net loss	$ (12,000)	$ (41,000)
NET LOSS PER SHARE	$ (.01)	$ (.01)
WEIGHTED AVERAGE SHARES OUTSTANDING	4,516,438	4,516,438

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS-FOR THE QUARTERS ENDED MARCH 31, 1992 AND 1991

	Three Month Period Ended March 31,	
	1992 (Unaudited)	1991 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	$ (12,000)	$ (41,000)
Adjustments to reconcile net loss to cash flows used in operating activities:		
Depreciation and Amortization	1,000	2,000
Increase in receivables	10,000	(1,000)
Increase in prepaid expenses and deposits	-	-
Increase in accounts payable and accruals	1,000	3,000
Increase in deferred income taxes	-	-
Other	-	-
Cash used in operating activities	-	37,000
CASH FLOWS FROM FINANCING ACTIVITIES:		
Decrease in Preferred Stock distributable	-	-
Net proceeds from issuance of convertible Preferred Stock	-	-
Other, net	-	-
Cash provided by financing activities	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	-	(4,000)
Increase in other assets	(1,000)	-
Cash provided by investing activities	(1,000)	(4,000)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,000)	(41,000)
CASH AND CASH EQUIVALENTS, beginning of quarter	7,000	70,000
CASH AND CASH EQUIVALENTS, end of quarter	$ 6,000	$ 29,000

The accompanying notes are an integral part of these condensed consolidated statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Interim data has not been reported upon
by independent public accountants)

1. Interim reporting practices for 1992. The accompanying financial data has been determined by consistently applying the Company's accounting policies which are in accordance with generally accepted accounting principles. The unaudited balance sheet as of March 31, 1992, and the unaudited statements of operations, and cash flows for the three and nine month periods ended March 31, 1992, and March 31, 1991, reflect, in the opinion of management, all adjustments (consisting only of normal recurring accruals) necessary to state fairly the Company's financial position and results of operations.

2. Net loss per share. The net loss per share was computed by dividing the net loss by the weighted average number of common shares outstanding during the periods.

3. Property and equipment. Property and equipment are stated at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

4. Merger Activity. On February 8, 1990, the Company completed the acquisition of Chemical Dependency Healthcare of California, Inc. (formerly "Chemical Dependency Healthcare, Inc.) (CDH) pursuant to a merger the "Merger" of CDH with a wholly-owned subsidiary of the Company. All of the common stock of CDH was converted into 3,052,097 shares of common stock, or 49.9 percent, of the Company's outstanding voting securities (common stock and convertible preferred stock). The Merger has been accounted for under the purchase method of accounting. Each shareholder of CDH received 2.344169 shares of the Company's common stock for each share of CDH common stock. CDH is operated as a wholly-owned subsidiary of the Company. Effective February 13, 1990, the Company changed its name to "Chemical Dependency Healthcare, Inc."

   As a condition to the consummation of the Merger, certain investors acquired in a private transaction an aggregate of 1,600,000 shares of the Company's convertible preferred stock at a purchase price of $1.00 per share, for an aggregate consideration of $1,600,000. Each share of the convertible preferred stock is convertible into one share of the Company's common stock, is entitled to one vote per share and has a liquidation preference of $1.00 per share.

PART I - FINANCIAL INFORMATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Acquisition of Chemical Dependency Healthcare, Inc. (CDH)

On February 8, 1990, the Company consummated the acquisition of CDH. (See note 4 of Notes to Financial Statements). The acquisition was accounted for using the purchase method of accounting. Accordingly, the financial statements of the Company include the results of operations and net assets of CDH only as of and after February 8, 1990.

Quarter Ended March 31, 1991

Revenues are the result of the operations of the two treatment facilities operated by CDH (Parkview and Bullhead City). The Bullhead City agreement was executed in January, 1991, and CDH commenced operations during February, 1991. Provisions for contractual discounts and uncollectible accounts were $5,000 or 8.5% of revenues. This percentage is lower than in previous quarters since a much more significant portion of the Company's revenue is contracted through fixed rate agreements. Operating expenses were $96,000 or 163% of revenue. This reflects operating costs at Bullhead City during a program start up and the general and administrative costs of operating a public company. Interest income resulted from investments of excess cash in interest bearing bank accounts. The net loss for the quarter was $41,000 or .01 cent per share.

Quarter Ended March 31, 1992

On December 31, 1991, the Company terminated its substance abuse treatment operations for economic reasons. During the quarter, management of the Company actively sought out another business to merge into the Company.

Liquidity and Capital Resources

As of March 31, 1992, the Company had cash and cash equivalents of approximately $6,000 and no outstanding debt.

Management believes that the Company's currently available cash resources along with the collection of accounts receivable are adequate to allow it during 1992 to identify and merge another corporation which has existing operations into the Company.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits: None

b) Reports on Form 8-K: None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CHEMICAL DEPENDENCY HEALTHCARE, INC.

DATE: May 14, 1992

BY: ______________________________
Vice President and
Chief Financial Officer

Signed

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FORM 10-Q

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 1992

7
92-2249

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from __________ to __________

PROCESSED BY
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MAY 19 1992

Commission File Number 0-11546

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COM-TEK Resources, Inc.

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

(Exact name of registrant as specified in its charter)

Colorado	84-0832977
(State of Incorporation)	(I.R.S. Employer Identification No.)

1624 Market St., Suite 209, Denver, Colorado	80202
(Address of principal executive offices)	(Zip Code)

(Registrant's telephone number, including area code) (303) 595-8555

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES XXX NO ___

As of March 31, 1992, there were 55,059,992 shares of the Company's $0.01 par value common stock issued and outstanding.

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

COM-TEK RESOURCES, INC.
CONSOLIDATED BALANCE SHEETS

ASSETS	March 31, 1992 (Unaudited)	September 30, 1991 (Audited)
CURRENT ASSETS:		
CASH	$73,390	$102,314
ACCOUNTS RECEIVABLE	171,169	136,293
INTEREST RECEIVABLE	1,625	0
RECEIVABLE FROM RELATED PARTIES	32,231	29,734
OTHER CURRENT ASSETS	11,493	11,518
TOTAL CURRENT ASSETS	289,910	279,859
OIL AND GAS PROPERTIES (Full Cost Method)		
SUBJECT TO AMORTIZATION	8,860,365	8,800,427
NOT SUBJECT TO AMORTIZATION	1,433,033	1,490,033
	10,293,398	10,290,460
LESS ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION	(1,520,748)	(1,372,790)
	8,772,650	8,925,662
FURNITURE AND EQUIPMENT (at cost) NET OF ACCUMULATED DEPRECIATION OF $96,109 AT MARCH 1992 AND $94,910 AT SEPT 1991	10,584	11,004
INVESTMENTS AND OTHER ASSETS	77,406	7,120
TOTAL ASSETS	$9,150,660	$9,223,725
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
ACCOUNTS PAYABLE		
TRADE	716,434	625,434
ACQUISITION AND OFFERING COSTS	19,439	19,439
ACCRUED EXPENSES	49,528	36,969
CURRENT MATURITIES OF LONG-TERM DEBT	147,727	121,770
PAYABLE TO RELATED PARTIES	65,889	220,504
STOCK PAYABLE	0	20,000
TOTAL CURRENT LIABILITIES	999,017	1,044,116
LONG-TERM DEBT (NET OF CURRENT PORTION)	324,000	320,253
STOCKHOLDERS' EQUITY:		
COMMON STOCK, PAR VALUE $0.01 AUTHORIZED, 75,000,000 SHARES, ISSUED 55,059,992 AT MARCH 1992 AND 51,299,992 AT SEPT 1991	550,600	513,000
PREFERRED STOCK, PAR VALUE $1.00 10,000,000 SHARES AUTHORIZED, NO SHARES ISSUED		
ADDITIONAL PAID-IN CAPITAL	12,728,903	12,578,503
ACCUMULATED DEFICIT	(5,457,297)	(5,242,650)
FOREIGN CURRENCY TRANSLATION ADJUSTMENT	5,585	2,431
TOTAL STOCKHOLDERS' EQUITY	7,827,681	7,851,366
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$9,150,660	$9,223,725

COM-TEX RESOURCES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT
For the Three Months and Six Months
Ended March 31, 1992 and 1991
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31		SIX MONTHS ENDED MARCH 31	
	1992	1991	1992	1991
REVENUES:				
OIL AND GAS SALES	$151,386	$189,384	$329,580	$386,162
OTHER OPERATING INCOME	15,788	43,531	33,054	58,965
INTEREST AND OTHER	2,453	2,219	3,953	4,700
TOTAL REVENUES	169,627	235,134	365,587	449,827
EXPENSES:				
OIL AND GAS OPERATIONS	51,484	62,554	129,252	108,634
GENERAL AND ADMINISTRATIVE	145,725	255,899	275,287	410,635
OFFERING COSTS	0	86,010	0	86,010
INTEREST	15,924	4,390	28,580	8,347
DEPRECIATION, DEPLETION & AMORTIZATION	71,130	83,219	149,149	159,361
FOREIGN CURRENCY TRANSACTION LOSS (GAIN)	(2,042)	0	(2,042)	0
TOTAL EXPENSES	282,221	492,072	580,226	772,977
NET INCOME (LOSS) BEFORE MINORITY INTEREST	(112,594)	(256,938)	(214,639)	(323,150)
LESS: MINORITY INTEREST	-	5,136	-	7,634
NET INCOME (LOSS)	(112,594)	(262,073)	(214,639)	(330,784)
ACCUMULATED DEFICIT, BEGINNING OF PERIOD	(5,344,703)	(4,191,926)	(5,242,658)	(4,123,215)
ACCUMULATED DEFICIT, END OF PERIOD	($5,457,297)	($4,453,999)	($5,457,297)	($4,453,999)
AVERAGE NUMBER OF SHARES OUTSTANDING	51,341,311	41,492,584	51,320,530	41,361,620
NET INCOME (LOSS) PER SHARE	$(*)	$(*)	$(*)	$(*)

* Net Income (Loss) Per Share less than $0.01

The accompanying notes to consolidated financial statements are an integral part of these statements.

COM-TEK RESOURCES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOW
For the Six Months ended March 31, 1992 and 1991
(Unaudited)

	SIX MONTHS ENDED MARCH 31	
	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	($214,639)	($330,784)
Plus adjustments to reconcile net loss to net cash provided by operating activities:		
Depletion, depreciation and amortization	149,149	159,351
Offering Costs	0	86,010
Increase in minority interest	0	7,633
Operating assets and liabilities:		
(Increase) decrease in accounts and interest receivable	(39,010)	(40,174)
(Decrease) increase in accounts payable and accrued expenses	159,639	118,446
(Decrease) increase in payable to related parties	(42,696)	(14,850)
(Decrease) increase in stock payable	0	20,000
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	12,436	5,632
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of oil and gas properties and equipment	(59,938)	(76,361)
Increase in investments and other assets	(6,060)	(8,083)
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(65,998)	(84,444)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of debt	75,000	50,000
Principal payments of long-term debt	(53,296)	0
NET CASH PROVIDED BY FINANCING ACTIVITIES	21,704	50,000
EFFECT OF EXCHANGE RATE CHANGES ON CASH	2,934	1,183
INCREASE (DECREASE) IN CASH	(28,924)	(27,629)
CASH, beginning of period	102,314	234,898
CASH, end of period	$73,390	$207,269

See Note 2 for supplemental disclosures of cash flow information.

COM-TEK RESOURCES, INC.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
For the Period October 01, 1990 through March 31, 1992

	COMMON STOCK SHARES	COMMON STOCK AMOUNT	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT	FOREIGN CURRENCY TRANSLATION ADJUSTMENT	TREASURY STOCK	TOTAL STOCKHOLDERS EQUITY
BALANCES, OCTOBER 01, 1990	41,233,325	$412,333	$11,744,001	($4,123,215)	$3,693	($612,500)	$7,424,312
Issuance of common stock for interest in oil and gas property (Unaudited)	4,666,667	46,667	205,333	--	--	--	252,000
Foreign currency translation adjustment (Unaudited)	--	--	--	--	1,557	--	1,557
Net Loss (Unaudited)	--	--	--	(330,784)	--	--	(330,784)
BALANCES, MARCH 31, 1991 (Unaudited)	45,899,992	459,000	11,949,334	(4,453,999)	5,250	(612,500)	7,347,085
Issuance of common stock to acquire remaining 49% of subsidiary	5,400,000	54,000	629,249	--	--	612,500	1,295,749
Foreign currency translation adjustment (Unaudited)	--	--	--	--	(2,819)	--	(2,819)
Net Loss (Unaudited)	--	--	--	(788,659)	--	--	(788,659)
BALANCES, SEPTEMBER 30, 1991	51,299,992	513,000	12,578,583	(5,242,658)	2,431	--	7,851,356
Issuance of common stock to satisfy certain current obligations (Unaudited)	3,760,000	37,600	150,400	--	--	--	188,000
Foreign currency translation adjustment (Unaudited)	--	--	--	--	2,934	--	2,934
Net Loss (Unaudited)	--	--	--	(214,639)	--	--	(214,639)
BALANCES, MARCH 31, 1992 (Unaudited)	55,059,992	550,600	12,728,983	(5,457,297)	5,365	--	7,827,651

The accompanying notes to consolidated financial statements are an integral part of these statements.

COM-TEK RESOURCES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1.) The financial statements presented are unaudited. However, in the opinion of management, all material adjustments for fair presentation have been made. Such adjustments are of a normal and recurring nature. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the Securities and Exchange Commission's rules and regulations. Management believes the disclosures made are adequate but suggests that these financial statements be read in conjunction with the financial statements and notes contained in the September 30, 1991 Form 10-K.

2.) Supplemental Cash Flow Information

Cash paid for interest:

For the Six Months Ended March 31

1992	$ 11,364
1991	$ --

During the six months ended March 31, 1992, the Company issued 3,760,00 shares of COM-TEK stock valued at $188,000 in order to satisfy certain current liabilities. The Company also entered into a settlement of a lawsuit in which they agreed to take a promissory note in the amount of $65,000 in lieu of an investment in oil and gas properties. This amount was recorded as an increase in Investments and other assets and a reduction in oil and gas properties.

During the six months ended March 31, 1991, the Company issued 4,666,667 shares of COM-TEK stock valued at $252,000 to acquire an approximate 24% working interest in the Leavenworth, Kansas Field and related pipeline, equipment and transmission facilities, in addition to an approximate 20% working interest in two wells in Oklahoma.

Also, during the six months ended March 31, 1991, $11,097 of interest was reclassed from accrued expenses to principal.

3.) Long Term Debt

Long-term debt consists of the following:

	March 31 1992 (Unaudited)	September 30 1991 (Audited)
Note payable to a stockholder	$ 66,934	$115,162
Note payable to a stockholder, with interest at 10%, principal and interest payable in monthly installments of $600. The note is collateralized by oil and gas properties	5,793	8,961
Note payable to former director, with interest at 12%, payable semi-annually, principal is due September 30, 1993. The note is not collateralized.	50,000	50,000
Notes payable to vendors, with interest at 12%, payable semi-annually, principal is due August 31, 1993. The notes are not collateralized.	256,033	257,807
Note payable to a vendor, with interest at 12%, payable semi-annually, principal due August 31, 1994. The note is not collateralized.	17,967	18,093
Note payable to an entity with interest at 12%, payable monthly, principal due December 1, 1992. Note is collateralized by certain oil and gas properties.	75,000	--
	471,727	450,023
Less current portion	(147,727)	(121,770)
	$324,000	$328,253

Part I - Financial Information (con't)

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

For the Three Months Ended March 31, 1992 and 1991

Revenues - Total revenue decreased approximately $66,000 or 28% for the three months ended March 31, 1992 compared to the three months ended March 31, 1991. Oil and gas sales decreased approximately $38,000 or 20% primarily as a result of both lower oil and gas prices and production volumes. The Company has decided that its acquisition of an additional interest in the Leavenworth properties will not occur effective as of November 1, 1991. Revenues and expenses which had been recorded in the previous quarter for November and December were reversed during the current quarter resulting in a reduction of revenue. In addition, there have been overall production and price declines in both the U.S. and Canada. The Company recently took over operation of one of its major properties in order to try to increase production levels.

Other operating income decreased approximately $28,000 or 64% primarily as a result of recognizing no consulting fees during the current quarter vs. $25,000 recorded during the comparative quarter of 1991.

Interest and other income increased approximately $200 or 11% due to accruing interest on a note receivable that resulted from the settlement of a lawsuit relating to an investment in oil and gas properties. This additional interest income is offset by decreases caused by lower cash balances combined with lower interest rates.

Expenses - Total expenses for the quarter ended March 31, 1992 decreased approximately $210,000 or 43% from the comparative quarter of 1991. Expenses of oil and gas operations decreased approximately $11,000 or 18% due to a combination of reversing Leavenworth's November and December expenses, lower production taxes due to lower revenue and reduced operating expenses throughout the Company.

General and administrative expense decreased approximately $110,000 or 43% for the quarter. During the three months ended March 31, 1991, the Company incurred significant one-time costs relating to due diligence performed by new brokers in London, costs of the aborted underwriting on the USM exchange and the recognition of compensation expense of a former director. There were also costs incurred for travel, printing the annual report, and expenses of the London office which were not incurred during the quarter ended March 31, 1992.

Offering costs of $86,000 relating to the aborted underwriting were expensed during the quarter ended March 31, 1991. These were non-recurring during the current quarter.

Interest expense increased approximately $11,500 or 263% over the comparative quarter of 1991 as a result of debt incurred since that time to settle and pay certain accounts payable.

Depreciation and depletion expense decreased approximately $12,000 or 15% due to lower production volumes.

[illegible] - Currency transaction gain of $2,000 recognized in the current qu[illegible] resulted from the portion of the debt which was incurred at a specific pound sterling amount. At each balance sheet date the balances are converted to U.S. dollars using the effective exchange rate, and the difference is recorded as a translation gain or loss.

For the Six Months Ended March 31, 1992 and 1991

Revenues - Total revenue decreased approximately $84,000 or 19% for the six month period. Oil and gas sales decreased approximately $58,000 or 15% primarily as a result of declining gas prices along with lower production volumes.

Other operating income decreased approximately $26,000 or 44% as a result of consulting fees recorded in 1991.

Interest and other income decreased approximately $700 or 16% due to lower cash balances combined with lower interest rates offset by interest accrued on the note receivable discussed previously.

Expenses - Total expenses for the six months ended March 31, 1992, decreased approximately $193,000 or 25%. Expenses of oil and gas operations increased approximately $21,000 or 19% due to a combination of factors. Since additional interests in properties in Leavenworth, Kansas and Oklahoma were acquired effective January 1, 1991, the first three months of fiscal 1991 had lower operating expense. Three additional wells in Montana came on production during the latter part of fiscal 1991 resulting in higher production costs in the current six months. Additional expenses during the current six months resulted from a one-time charge of approximately $7,000 of legal expense incurred to settle a lawsuit regarding prior revenue and interest in the Oklahoma property. During the period, the Company also recorded 1991 ad valorem taxes of approximately $7,000.

General and administrative expense decreased approximately $135,000 or 33% from the first six months of fiscal 1991. This decrease is primarily attributable to incurring one-time costs in 1991 relating to changing brokers in London, costs associated with the aborted underwriting and recording compensation payable to a former director. The consolidation of the offices of COM-TEK and Crescent effective third quarter 1991 has also helped to reduce overhead.

Offering costs of $86,000 were incurred during fiscal 1991, but no such costs have been incurred in the current year.

Interest expense increased approximately $20,000 or 242% over the six months ended March 31, 1991, due to incurring debt during the fourth quarter of fiscal 1991 and the first quarter of fiscal 1992 in order to settle and pay certain accounts payable. The increases were partially offset by reduced interest rates.

Depreciation and depletion expense decreased by approximately $10,000 or 6% as a result of lower production volumes.

Cash Flow - (See Statement of Cash Flow)

The significant differences between the cash flows for the six month periods ended March 31, 1992 and 1991 which have not been discussed previously are the principal payments of long-term debt which were made by assigning the proceeds from oil and gas production of the Canadian properties.

Liquidity and Capital Resources

Working capital at March 31, 1992, increased from that of September 30, 1991, by approximately $155,000 due primarily to the Company issuing shares of Company stock in order to settle certain current obligations, the majority of which were liabilities for directors fees and salary payable to an officer. In order to provide additional working capital, the Company is currently negotiating, and has a signed letter of intent, to sell certain of its miscellaneous oil and gas properties. The Company has been notified that a further extension to August 1, 1992, has been granted to Wolf Creek Resources to complete the purchase of the Galvan Ranch. An agreement with Wolf Creek provides that upon closing, the Company will receive $1 million cash, a 12.5% working interest and a 2.5% net overrriding interest in the oil and gas properties on the ranch.

Management plans to use part of the proceeds from the Ranch to develop certain of its existing oil and gas properties which are in early stages of development, in addition to discussing joint ventures with certain industry partners who would participate with the Company in these same properties, while bearing a disproportionate share of the costs. This arrangement allows the Company to generate additional cash flow while minimizing costs.

The Company is also exploring all other financial opportunities. Any capital would be used to fund existing development programs and acquisitions, thus providing additional cash flow and reserves.

Part II - Other Information

Item 1 - Legal Proceedings

The Company knows of no material legal proceedings pending or threatened, or judgments entered against, the Company or and Director or Officer of the Company in his capacity as such.

Item 2 - Changes in Securities

Not Applicable

Item 3 - Defaults Upon Senior Securities

Not Applicable

Item 4 - Submission of Matters to Vote of Security Holders

Not Applicable

Item 5 - Other Information

Subsequent Events

As stated previously, the Company has a signed letter of intent to sell certain of its miscellaneous oil and gas properties. The Company has also been notified that an additional extension to August 1, 1992, has been granted in order to complete the sale of the Galvan Ranch.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned there unto duly authorized.

COM-TEK Resources, Inc.
(a Colorado Corporation)

By: J. Ellerton
J. Ellerton,
President

Dated: May 15, 1992

92 14 2246

023740
0-35367

SIGNED Copy

17/LZ

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES ACT OF 1934

G92-2249

PROCESSED BY
17-77-I.
MAY 14 1992

For the Quarterly Period Ended March 31, 1992
Commission File #0-17330

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

DAINE INDUSTRIES, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware | 11-2881685

(State or other jurisdiction of Incorporation or Organization) | (I.R.S. Employer Identification Number)

461 Beach 124 Street. Belle Harbor, New York 11694

(Address of Principal Executive Office) (Zip Code).

(718) 474-6568

(Registrant's Telephone Number, Including Area Code).

MAY 12 1992

The Number of Shares Outstanding of Common Stock, $.0001 par value at March 31, 1992 was 248,461,935.

MAY 12 1992
RECEIVED

(Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities and Exchange Act of 1934 during the preceding twelve months and (2) has been subject to such filing requirements for the past ninety days. Yes / X / No / /).

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DAINE INDUSTRIES, INC.

PART 1- Financial Information

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GREENBERG
&
COMPANY
Certified Public Accountants

99 MORRIS AVENUE
SPRINGFIELD, NJ 07081

STANLEY J. GREENBERG, C.P.A.
JUDITH C. GREENBERG, C.P.A.
STUART D. GREENBERG, C.P.A.

NATHAN A. GREENBERG, C.P.A.

(201) 467-3838
FAX (201) 467-3184

ACCOUNTANTS' REVIEW REPORT

To the Board of Directors and Stockholders
DAINE INDUSTRIES, INC.
461 Beach 124th Street
Belle Harbor, NY 11694

We have reviewed the accompanying consolidated balance sheets of DAINE INDUSTRIES, INC. as of March 31, 1992 and the related consolidated statements of operations, stockholders' equity and cash flows for the nine month periods ended March 31, 1992 and 1991, in accordance with standards established by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of DAINE INDUSTRIES, INC.

A review of interim financial information consists principally of obtaining an understanding of the system for the preparation of interim financial information, applying analytical review procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an examination in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the consolidated financial statements for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet as of June 30, 1991, and the related consolidated statements of operations, stockholders' equity and cash flows for the year then ended (not presented herein); and in our report dated August 12, 1991, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of June 30, 1991, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

Greenberg & Company

GREENBERG & COMPANY

Springfield, New Jersey
April 22, 1992

DAINE INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS

ASSETS

	March 31, 1992 (Unaudited)	June 30,1991 (Audited)
CURRENT ASSETS		
Cash and Cash Equivalents	$ 639,447	$ 593,888
Interest Receivable	3,537	2,061
Accounts Receivable	263,887	216,485
Inventory	344,059	335,803
Prepaid Expenses and Other Current Assets	25,274	29,318
	1,276,204	1,177,555
FIXED ASSETS, At Cost		
Machinery and Equipment	228,049	213,843
Less: Accumulated Depreciation and Amortization	38,077	22,916
	189,972	190,927
OTHER ASSETS		
Deposits	6,100	6,100
Covenant Agreement - Net (Note 3)	33,817	42,513
Organization Costs - Net (Note 3)	23,756	29,852
	63,673	78,465
TOTAL ASSETS	$1,529,849	$1,446,947

DAINE INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND SHAREHOLDERS' EQUITY

	March 31, 1992 (Unaudited)	June 30, 1991 (Audited)
CURRENT LIABILITIES		
Accounts Payable	$ 145,277	$ 74,549
Accrued Expenses	13,063	16,386
Note Payable - Current Portion (Note 4)	15,000	15,573
	173,340	106,508
OTHER LIABILITIES		
Note Payable (Note 4)	30,000	41,250
TOTAL LIABILITIES	203,340	147,758
COMMITMENTS AND CONTINGENCIES (Note 5 & 6)		
SHAREHOLDERS' EQUITY		
Common Stock (Par Value $.0001) 350,000,000 shares authorized, 248,461,935 shares issued and outstanding	2,485	2,485
Paid-In Capital	1,441,597	1,441,597
Retained Earnings (Deficit)	(117,573)	(144,893)
TOTAL SHAREHOLDERS' EQUITY	1,326,509	1,299,189
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$1,529,849	$1,446,947

Subject to the comments contained in the Accountants' Review Report.

DAINE INDUSTRIES, INC.
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
For The Period July 1, 1990 to March 31, 1992

	Number of Shares	$.00001 Par Value	Paid-In Capital	Retained Earnings (Deficit)	Total Share-holders' Equity
BALANCES AT JULY 1, 1990 (Audited)	248,461,935	$2,485	$1,441,597	$ 30,151	$1,474,233
Net (Loss) for the Year Ended June 30, 1991 (Audited)	—	—	—	(175,044)	(175,044)
BALANCES AT JUNE 30, 1991 (Audited)	248,461,935	2,485	1,441,597	(144,893)	1,299,189
Net Income for the Nine Months Ended March 31, 1992 (Unaudited)	—	—	—	27,320	27,320
BALANCES AT MARCH 31, 1992 (UNAUDITED)	248,461,935	$2,485	$1,441,597	$(117,573)	$1,326,509

DAINE INDUSTRIES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For The Nine Months Ended March 31,	
	1992	1991
REVENUES		
Sales - Net of Returns and Allowances	$1,138,512	$ 615,027
COST OF GOODS SOLD		
Beginning Inventory	335,803	389,123
Purchase and Freight	675,783	320,918
Direct Labor	156,151	109,563
	1,167,737	819,604
Less: Inventory - End of Period	(344,059)	(432,896)
Cost of Goods Sold	823,678	386,708
GROSS MARGIN	314,834	228,319
INTEREST INCOME	19,498	26,826
GENERAL AND ADMINISTRATIVE EXPENSES	(274,507)	(316,065)
INCOME (LOSS) BEFORE OTHER EXPENSES	59,825	(60,920)
Consulting Fees (Note 5)	-0-	9,000
Interest Expense	5,062	5,298
Depreciation and Amortization Expense	29,953	27,478
INCOME (LOSS) BEFORE INCOME TAXES AND EXTRAORDINARY ITEMS	24,810	(102,696)
Income Taxes (Note 8)	7,486	(12,976)
Income (Loss) Before Extraordinary Item	17,324	(115,672)
Extraordinary Items		
Tax Benefit from Loss Carryforwards (Note 8)	4,447	-0-
Refund of State and City Taxes (Note 8)	5,549	-0-
NET INCOME (LOSS)	$ 27,320	$(115,672)
Earnings Per Share	NIL	NIL
Weighted Average Number of Shares of Common Stock Outstanding	248,461,935	248,461,925

Subject to the comments contained in the Accountants' Review Report.

DAINE INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For The Three Months Ended March 31,	
	1992	1991
REVENUES		
Sales - Net of Returns and Allowances	$ 324,853	$ 186,005
COST OF GOODS SOLD		
Beginning Inventory	259,591	435,935
Purchases and Freight	271,367	108,747
Direct Labor	47,376	26,921
	578,334	571,603
Less: Inventory - End of Period	(344,059)	(432,896)
Cost of Goods Sold	234,275	138,707
GROSS MARGIN	90,578	47,298
INTEREST INCOME	5,480	7,873
GENERAL AND ADMINISTRATIVE EXPENSES	(85,264)	(104,498)
INCOME (LOSS) BEFORE OTHER EXPENSES	10,794	(49,327)
Consulting	-0-	-0-
Interest	1,425	1,912
Depreciation and Amortization	10,211	9,804
INCOME (LOSS) BEFORE INCOME TAX	(842)	(61,043)
Income Tax Expense	903	3,118
NET INCOME (LOSS)	$ (1,745)	$ (64,161)
Earnings Per Share	NIL	NIL
Weighted Average Number of Shares of Common Stock Outstanding	248,461,935	248,461,935

Subject to the comments contained in the Accountants' Review Report.

DAINE INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For The Nine Months Ended March 31, 1992	For The Nine Months Ended March 31, 1991
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	$ 27,320	$(115,672)
Adjustment to Reconcile Net Income to Net Cash Provided By (Used In) Operating Activities:		
Depreciation and Amortization Expense	29,953	27,478
Change in Assets and Liabilities:		
Decrease (Increase) in Interest Receivable	(1,476)	9,023
Decrease (Increase) in Accounts Receivable	(47,402)	104,711
Decrease (Increase) in Inventory	(8,256)	(43,773)
Decrease (Increase) in Prepaid Expenses	4,044	10,778
Decrease (Increase) in Deposits	0	23,595
Increase (Decrease) in Accounts Payable	70,728	(13,250)
Increase (Decrease) in Accrued Expenses	(3,323)	(12,472)
Net Cash Provided By (Used In) Operating Activities	71,588	(9,582)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(14,206)	(59,195)
Net Cash (Used In) Investing Activities	(14,206)	(59,195)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Borrowings Under (Repayment of) Short-Term and Long-Term Debt	(11,823)	(22,842)
Net Cash Provided By (Used In) Financing Activities	(11,823)	(22,842)
Net Increase (Decrease) in Cash and Cash Equivalents	45,559	(91,619)
Cash and Cash Equivalents at Beginning of Period	593,888	634,399
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$639,447	$542,780
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Period for:		
Interest	4,152	5,298
Taxes	4,913	12,976

Subject to the comments contained in the Accountants' Review Report.

DAINE INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For The Three Months Ended March 31, 1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	$ (1,745)	$ (64,161)
Adjustment to Reconcile Net Income to Net Cash Provided By (Used In) Operating Activities:		
Depreciation and Amortization Expense	10,211	9,804
Change in Assets and Liabilities:		
Decrease (Increase) in Interest Receivable	2,999	668
Decrease (Increase) in Accounts Receivable	(93,736)	(100,769)
Decrease (Increase) in Inventory	(84,468)	3,039
Decrease (Increase) in Prepaid Expenses	(10,096)	682
Decrease (Increase) in Deposits	0	58,000
Increase (Decrease) in Accounts Payable	92,989	3,291
Increase (Decrease) in Accrued Expenses	6,572	149
Net Cash Provided By (Used In) Operating Expenses	(77,274)	(89,297)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(6,643)	(58,000)
Net Cash (Used In) Investing Activities	(6,643)	(58,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Borrowings Under (Repayment of) Short-Term and Long-Term Debt	(3,750)	(6,429)
Net Cash Provided By (Used In) Financing Activities	(3,750)	(6,429)
Net Increase (Decrease) in Cash and Cash Equivalents	(87,667)	(153,726)
Cash and Cash Equivalents at Beginning of Period	727,114	696,506
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$639,447	$542,780
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Period for:		
Interest	1,463	1,912
Taxes	902	1,324

Subject to the comments contained in the Accountants' Review Report.

DAINE INDUSTRIES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1992
(UNAUDITED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Daine Industries, Inc. and its wholly owned subsidiary Lite King Corporation, after elimination of intercompany accounts and transactions.

CASH AND CASH EQUIVALENTS

Cash equivalents consist of highly liquid, short-term investments with maturities of 90 days or less.

ACCOUNTS RECEIVABLE

Accounts receivable are judged as to collectibility by management and an allowance for bad debts is established as necessary.

INVENTORY

Inventories are stated at the lower of cost or market. Cost is determined by the first-in, first-out method.

PROPERTY AND EQUIPMENT

Renewals and betterments are capitalized, maintenance and repairs are expensed as incurred.

Upon sale or other disposal of depreciable assets, costs and accumulated depreciation are removed from the accounts and any resultant profit or loss is reflected in income.

SHAREHOLDERS' EQUITY

The company issued 50,000,000 units, consisting of one share common stock, $.00001 par value, one redeemable Class A. Common Stock Purchase warrant and one redeemable Class B Common Stock Purchase warrant, and 152,000,000 shares to officers of the company and other individuals. As of June 30, 1991 and March 31, 1992, 37,224,425 Class "A" and 9,237,510 Class "B" warrants were exercised, and the balance of the warrants have expired.

NOTE 2: ACQUISITION

On February 26, 1990 Daine Industries, Inc. purchased the assets of Lite King Corporation. The purchase price was $738,079, which was paid $663,079 in cash and $75,000 in a note (see footnote 4).

DAINE INDUSTRIES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1992
(UNAUDITED)
(Continued)

NOTE 2: ACQUISITION (Continued)

The acquisition was accounted for by the purchase method of accounting and, accordingly, the purchase price has been allocated to assets acquired based on their fair market value at the date of acquisition.

NOTE 3: OTHER ASSETS

The company entered into an asset acquisition agreement, whereby a 5-year covenant not to compete agreement was signed and various organizational costs were incurred. Both of these amounts have been capitalized at cost and are amortized over their useful lives. The cost and related accumulated amortization is as follows:

	March 31, 1992	June 30, 1991
Covenant Agreement	$ 57,972	$ 57,972
Accumulated Amortization	(24,155)	(15,459)
Net	$ 33,817	$ 42,513
Organization Costs	$40,640	$ 40,640
Accumulated Amortization	(16,884)	(10,788)
Net	$ 23,756	$ 29,852

NOTE 4: NOTE PAYABLE

There is a promissory note, representing the balance of the purchase price of the equipment, in the sum of $75,000 payable over five years in 20 equal quarterly installments of $3,750 each, which began on May 26, 1990. The note bears interest at a rate of 12% annually.

At March 31, 1992 aggregate annual note payments, exclusive of interest, for the fiscal periods indicated below are as follows:

1992	$15,000
1993	15,000
1994	15,000
	$45,000

NOTE 5: COMMITMENTS AND CONTINGENCIES

The company is currently in a lease for office and factory space requiring annual lease payments aggregating approximately $48,000. This lease is scheduled to expire on April 30, 1992. On May 1, 1992 the new lease will begin at $50,000 annually and will expire on April 30, 1997.

The officers and certain directors of the company have been included as defendants in a class action entitled "Barker et al v. Power Securities Corp., et al" in the Western District of New York. The complaint alleges violations of the securities laws by all of the defendants. The officers and directors of the company deny the allegations and believe the suit to be without merit. The company has undertaken to advance any expenses necessary and incurred by the officers and directors in the litigation subject to an undertaking by such officer and director to repay the advances if it be ultimately determined that the officer or director is not entitled to be indemnified. At this date, expenses are not material. In the event that the plaintiffs were to prevail against the officers and directors and a judgment was issued against them, this may have a material adverse effect on the company's future financial condition.

The company entered into a consulting agreement with Jerold Kolton, the former owner of the company, which terminated on August 31, 1990. Jerold Kolton, as consultant, had, at the request of the principal executive officer, assisted and consulted with respect to all aspects of the company's business.

For the consulting services rendered, the company had paid the consultant $7,500 per month for the first four months and paid $3,000 per month for the following two month period, plus expenses of $1,500 monthly for the six months as the last two months consulting was performed on a part-time basis.

NOTE 6: RELATED PARTY TRANSACTIONS

The company had entered into an oral agreement with Modern Technology Corporation, a principal shareholder, to provide services and the partial use of its office of the company for the sum of $2,000 per month on a month to month basis. The company does not pay rent but paid a fee to Modern Technology Corporation for services of its officers and office through the period February 28, 1990, at which date it was terminated. Arthur Seidenfeld, president and a director of the company, owns 48% of the outstanding shares of Modern Technology Corporation and 70% of the outstanding shares of American Israel Ventures Corp. Anne Seidenfeld, Treasurer and a director of the company, owns 12% of the outstanding shares of Modern Technology Corporation and owns 25% of the outstanding shares of the American Israel Ventures Corp. Anne Seidenfeld is Arthur Seidenfeld's mother.

NOTE 7: INTERIM FINANCIAL REPORTING

The unaudited financial statements of the company for the period July 1, 1991 to March 31, 1992 have been prepared by management from the books and records of the company, and reflect, in the opinion of management, all adjustments necessary for a fair presentation of the financial position and operations of the company as of the period indicted herein, and are of a normal recurring nature.

NOTE 8: INCOME TAXES

Income taxes are accrued on an income tax basis as there are no significant temporary and timing differences between income for financial statement purposes and income for tax purposes. Taxes for the current quarter mainly represent state and local taxes based upon business capital. The Company has a net operating loss available for the current quarter, which resulted in the extraordinary tax benefit as shown.

Part 1. Financial Information

Item 1. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Daine Industries, Inc. ("The Registrant") was incorporated on September 24, 1987 and is currently engaged in the manufacture and assembly of wiring devices. During the quarter ended March 31, 1988, the Registrant completed its proposed public offering selling 50 million units at 1¢ each, raising $405,588, net of underwriting costs and expenses. Through December 31, 1989, the Registrant raised an additional $1,021,614 through the exercise of warrants. All of the warrants expired on February 1, 1990.

Lite King's facilities consist of approximately 16,000 square feet of office and factory space with annual lease payments of $50,000-. Lite King's work force fluctuates during the year, from about 10-30 employees, all except two which were engaged in manufacturing and assembly activities.

As a result of the acquisition of the assets of Lite King Corporation by the Registrant's wholly owned subsidiary, during the nine months ended March 31, 1992, the Registrant generated revenues of $1,138,512. During the nine months ended March 31, 1991, the Registrant generated revenues of $615,027. During the nine months ended March 31, 1992, the Registrant generated net income after taxes of $27,320 as compared with a net loss of $115,672 for the nine months ended March 31, 1991. The improvement in sales and net income for the periods being discussed can be attributed to enhanced marketing activities and improvements in productivity and an approximate 10% decline in general and administrative expenses. The Registrant's president, has agreed to reduce his yearly base salary from $75,000 to $52,000, effective October 1990 through June 30, 1991, and has continued to take a reduction in salary through March 31, 1992.

As of March 31, 1992, the Registrant had total assets of $1,529,849, current assets of $1,276,204, fixed assets of $189,972, other assets of $63,673, current liabilities of $173,340, other liabilities of $30,000 and total shareholders' equity of $1,326,509. The current ratio (current assets to current liabilities) at March 31, 1992 was approximately 7.3:1.

Lite King is embarking upon a modernization program which may result in upgrading some of its present tooling over the coming years. As part of this program, Lite King has committed itself to spending for some new tooling which having been completed, has resulted in having available some improved products. Management is currently seeking out the acquisition of other companies or the purchase of assets of other firms which could be in an unrelated field to Lite King or which may complement Lite King's business by generating savings in overhead, although no assurances can be given that such an acquisition or purchase will be completed in the near future.

PART II. OTHER INFORMATION:

Item 1. Legal Proceedings.

See 9/30/89 Form 10-Q Re: "Barker et. al v. Power Securities Corp., et al".

Item 2. Changes in Securities. None

Item 3. Defaults upon Senior Securities. None.

Item 4. Submission of Matters To A Vote of Security Holders.

On January 2, 1992, by consent of a majority of the outstanding shares, the board of directors as previously reported to the Commission, was reelected in its entirety.

Item 5. Other Materially Important Events. None.

Item 6. Exhibits and Reports on Form 8-K. None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

By Arthur Seidenfeld

Arthur Seidenfeld
President
Dated: May 11, 1992

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

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FORM 10Q

Quarterly Report Under Section 13 or 15 (d)
of the Securities Exchange Act of 1934

DAVIDSON TISDALE MINES LIMITED
(exact name of registrant as specified in its charter)

For the quarter ended March 31, 1992	Commission File No. 0-12745
Ontario	None
(State or other jurisdiction of incorporation or organization)	(I. R. S. Employer Identification Number)
32 Shaftesbury Avenue, Toronto, Ontario (Address of Principal Office)	M4T 1A1 Zip Code
Registrant's Telephone Number	(416) 929-051

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Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes ✓ No ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the period covered in this report.

Common Stock	Outstanding at March 31, 1992 10,612,250 Shares

BEST COPY
AVAILABLE

PART I

ITEM 1 - Financial Information:

a) Interim Financial Statements

The Interim Financial Statements of the company as at March 31, 1992, have been prepared by the company without audit and are included at Exhibit 1.

b) The first quarter statements reflect the financial position of the company as at the end of March 31, 1992. The net income for the three months ended March 31, 1992 was $1,181.87 versus a loss of $8,767.66 during the same period in 1991.

c) The Registrant owns 48% of the common shares of Aurora Steel Services Inc., a steel fabrication and machined products company. Pursuant to a resolution of the Board of Directors of the Corporation dated March 28, 1992, the Corporation has purchased 1,577,205 Class A shares in the capital stock of Aurora Steel Services Inc. for a purchase price of $1.00 per share in consideration of the extinguishment of the indebtedness of Aurora Steel Services Inc., to the Corporation for the same amount. Aurora Steel Services Inc., financial figures as of March 31, 1992 are as follows:

Current Assets	$ 1,191,178
Property, plant and equipment	$ 2,616,423
Current liabilities	$ 1,709,927
Sales	$ 5,327,830
Cost of sales	$ 4,303,112
Net Income (loss)	$(1,133,473)

PART II

ITEM 1 - Legal Proceedings:

None

ITEM 2 - Change in Securities:

None

ITEM 3 - Defaults Upon Senior Securities:

None

ITEM 4 - Submission of a Matter to a Vote of Securties Holders

None

ITEM. 5 - Other Information:

a). Exploration Activities:

The current market price of gold will not permit economic recovery on the Registrants mineral properties in Ontario. Limited exploration will be carried out as conditions and funding permit and the properties will be maintained in good standing.

b) Associated Company:

Vital Pacific Resources Ltd., continues to hold its British Columbia and Ontario properties on a care and maintenance basis. Exploration interest has been shown on two of the company's British Columbia properties and preliminary discussions on potential joint venture exploration activities are proceeding.

c) Other - Non Mineral Investments:

Planning and engineering preliminary to registration continues on the Maple Glen residential joint venture in Maple, Ontario. Registration of building lots to permit phased development is currently scheduled for the spring of 1993 but timing will depend primarily on market demand.

d) Industrial Investment:

The Registrant has taken over direct management control of Aurora Steel Services Inc., and has initiated changes in its operating structure to reduce costs and improve performance in the current economic environment where there has been a major rationalization in the steel fabrication industry. Emphasis will be placed on improving operating revenue and positioning the company to take advantage of market improvement expected in residential construction and machined products.

ITEM 6 - Exhibits, Financial Statements, Schedules and Details of any Form 8K filed during the Previous Quarter:

a) Exhibits:

Third Quarter Financial Statements - September 30, 1991

b) Report on Form 8K

None

DAVIDSON TISDALE MINES LIMITED

BALANCE SHEET WITH LAST YEAR COMPARISON
AS OF MAR 31, 1992

	1992	1991
ASSETS		
CURRENT		
Cash	$199,798.71	$2,921.48
Loan Rcvbl A/Accrued Int.	636,984.93	225,561.72
Loan Rcvbl B/Accrued Int.	(12,537.00)	1,490,657.55
Treasury Bills / Accrued Intr	707,331.68	.00
Accounts Receivable	50,576.70	50,146.00
Related Party Receivable	2,000.00	5,836.66
Prepaid Expenses	.00	.00
Securities	149,256.00	48,301.00
Furniture & Fixtures	3,655.48	5,943.48
	1,737,066.50	1,829,367.89
LONG TERM		
Land	63,000.00	63,000.00
Palace Place, Ste 1106	382,199.00	.00
Buildings,Chattel,Improvements	314,154.16	326,907.13
INVESTMENT - Resource		
Shares - Vital Pacific	1.00	512,280.00
INVESTMENT - Non-Resource		
Shares - Maple	610,000.00	610,000.00
Shares - Aurora	1.00	9,600.00
Trust Shares - Aurora	.00	10,400.00
Class A Shares-Aurora	1,577,205.00	1,400,000.00
Investment - Tru Wear	256,278.00	.00
	3,202,838.16	2,932,187.13
MINING PROPERTIES AND RELATED EXPENDITURES		
Rights & Claims - at cost	25,084.42	25,084.42
Deposit on Claims Optioned	.00	.00
Marvic Property	142,500.00	142,500.00
Advance to Marvic	7,500.00	7,500.00
Deferred Exploration Expenses	3,235,102.55	3,235,102.55
	3,410,186.97	3,410,186.97
TOTAL ASSETS	$8,350,091.63	$8,171,741.99

UNAUDITED

BALANCE SHEET WITH LAST YEAR COMPARISON
AS OF MAR 31, 1992

	1992	1991
LIABILITIES & SHAREHOLDERS' EQUITY		
CURRENT		
Accounts Payable	$58,106.16	$44,672.29
Loan - Royal Bank of Canada	.00	.00
Loan Payable - Other	.00	.00
1st Mortgate Palace Place	382,000.00	.00
Income Taxes payable	.00	.00
OTHER		
Deferred Gain on Sales	191,453.00	191,453.00
Advance from Maple	610,000.00	610,000.00
	1,241,559.16	846,125.29
SHAREHOLDERS' EQUITY		
Capital Stock		
Authorized		
85,000 Class A Shares		
20,000,000 Common Shares		
Issued		
10,612.250 Common Shares (1990: 10,612,250 issued)	11,129,668.55	11.129,668.55
Contributed Surplus	.00	.00
Retained Earnings	(4,021,136.08)	(3,804,051.85)
	7,108,532.47	7,325,616.70
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	$8,350,091.63	$8.171,741.99

DAVIDSON TISDALE RESOURCES LTD.
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE
FOR THE 3 MONTHS ENDED MARCH 31, 1992

CASH PROVIDED BY(USED FOR) OPERATIONS	1992	1991
Net Income (loss)	1,181.87	(8,767.66)
Less items not involving cash		0.00
Gain on sale of shares	0.00	0.00
Gain on issue of shares	0.00	0.00
Gain on sale of investments	0.00	0.00
Current depreciation	0.00	0.00
Securities written off	0.00	0.00
Mining claims written off	0.00	0.00
Organization costs written off	0.00	0.00
Deferred exploration writedown	0.00	0.00
	1,181.87	(8,767.66)
Net change a/r	0.00	(6,940.91)
net change in prepaid expenses	0.00	0.00
Net change in a/p	413,255.89	3,597.10
	414,437.76	(12,111.47)
INVESTMENTS		
Spent on mining interests	0.00	0.00
Spent on fixed assets	(382,199.00)	0.00
Exploration expenses (cash)	0.00	0.00
Acquisition of investments	0.00	(1,420,000.00)
Writedown of investments	0.00	0.00
Proceeds on sale of securities	0.00	0.00
Proceeds on sale of properties	0.00	0.00
	(382,199.00)	(1,420,000.00)
FINANCING		
Issue of capital stock	0.00	0.00
Share issue cost	0.00	0.00
Subscription funds flowthrough	0.00	0.00
Advance from Maple	0.00	0.00
Royal Bank Loan & Other	0.00	0.00
	0.00	0.00
NET INCREASE (DECREASE) CASH	32,238.76	(1,432,111.47)
Cash & Term Deposits at beginning of period	1,689,082.04	1,660,594.67
CASH & TERM DEPOSITS AT END OF PERIOD	1,721,320.80	228,483.20

DAVIDSON TISDALE MINES LIMITED

INCOME STATEMENT WITH LAST YEAR COMPARISON
FOR THE PERIOD ENDING MAR 31, 1992

	CURRENT PERIOD		YEAR-TO-DATE		
	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR	% +/-
INCOME					
Interest Earned	$143.57	$.00	$10,343.12	$16,861.64	(38.66)
Dividend Income	3,256.00	625.00	3,228.00	625.00	416.48
Equipment Rental Income	.00	9.40	.00	21.50	(100.00)
Other Income	18,703.80	16,100.31	53,276.97	26,691.75	99.60
	22,103.37	16,734.71	66,848.09	44,199.89	51.24
ADMINISTRATION EXPENSES					
Admin. Services & Costs	.00	1,000.00	.00	12,000.00	(100.00)
Office Salary & Benefits	5,659.63	8,587.10	14,959.29	30,219.53	(50.50)
Legal & Financial Services	14,006.82	980.60	19,017.32	980.60	1,839.36
Occupancy	892.71	.00	1,726.75	176.74	877.00
Office Supply & Stationery	141.73	.00	265.50	230.55	15.16
Postage	.00	(23.60)	.00	(51.15)	(100.00)
Telephone & Fax	168.19	.00	405.65	.00	.00
Public Relations	127.08	.00	599.37	231.55	158.85
Travel & Automobile	76.18	470.80	507.43	1,438.43	(64.72)
Listing Fees & Assoc. Dues	.00	250.00	4,490.00	250.00	1,696.00
Royalties, licences,permits	.00	.00	.00	.00	.00
Bank & Transfer Fees	2.00	50.00	3,303.15	741.34	345.56
Capital Taxes	19,537.00	2,250.00	19,537.00	6,750.00	189.44
Property Taxes	.00	.00	577.75	.00	.00
Current Depreciation	.00	.00	.00	.00	.00
Equipment Repair & Maint	.00	.00	.00	.00	.00
Miscellaneous Expenses	.48	(.01)	277.49	(.04)	*-693825*
	40,611.82	13,564.89	65,666.70	52,967.55	23.98
Mining Expenditures	.00	.00	.00	.00	.00
	.00	.00	.00	.00	.00
GROSS INCOME (LOSS)	(18,508.45)	3,169.82	1,181.39	(8,767.66)	(113.47)
Gain on Sale of Shares	.00	.00	.00	.00	.00
Gain on Issue of Shares	.00	.00	.00	.00	.00
Gain on Sale of Investments	.00	.00	.00	.00	.00
Claims Written Off	.00	.00	.00	.00	.00
Securities Written Off	.00	.00	.00	.00	.00
Long Term Invest. Writedown	.00	.00	.00	.00	.00
Provision for Income Tax	.00	.00	.00	.00	.00
Organization Costs Written Off	.00	.00	.00	.00	.00
Deferred Exploration Writedown	.00	.00	.00	.00	.00
NET INCOME (LOSS)	(18,508.45)	3,169.82	1,181.39	(8,767.66)	(113.47)

UNAUDITED

DAVIDSON TISDALE MINES LIMITED

INCOME STATEMENT WITH LAST YEAR COMPARISON
FOR THE PERIOD ENDING MAR 31, 1992

	CURRENT PERIOD		YEAR-TO-DATE		
	THIS YEAR	LAST YEAR	THIS YEAR	LAST YEAR	% +/-
Deficit at beginning of period	.00	.00	(4,022,317.47)	(3,795,284.19)	5.98
RETAINED EARNINGS (DEFICIT)	($18,500.45)	$3,169.82	($4,021,136.00)	($3,804,051.05)	5.71

DAVIDSON TISDALE MINES LIMITED

DEFERRED EXPLORATION EXPENDITURES
AS OF MAR 31, 1992

	YEAR-TO-DATE 1991	YEAR-TO-DATE 1990
DAVIDSON TISDALE JOINT VENTURE		
Balance at beginning of year	$3,159,461.49	$3,159,461.49
Expenditures during period	.00	.00
Exploration cost writedown	.00	.00
Proceeds sale/surface rights	.00	.00
Balance at end of period	3,159,461.49	3,159,461.49
MONTCLERG TISDALE J. VENTURE		
Balance at beginning of year	75,641.06	75,641.06
Expenditures during period	.00	.00
Balance at end of period	75,641.06	75,641.06
MARVIC TISDALE JOINT VENTURE		
Balance at beginning of year	.00	.00
Expenditures during period	.00	.00
Balance at end of period	.00	.00
OTHER VENTURES		
Balance at end of period	.00	.00
NET DEFERRED EXPLORATION COSTS	$3,235,102.55	$3,235,102.55

UNAUDITED

SIGNATURE

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DAVIDSON TISDALE MINES LIMITED

By:____________________
Kenneth R. Kent, P. Eng.
President and C. E. O.

By:____________________
Patricia M. Porter
Vice President
Secretary and Treasurer

March 31, 1992

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark one)

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended April 5, 1992

OR

_____ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to __________

Commission file number 0-15997

PROCESSED BY
MAY 21 1992
Microfilmed by
Q-Data Corp. - St. Petersburg, FL

FileNet Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

95-37579[illegible]
(IRS Employer Identification Number)

3565 Harbor Boulevard, Costa Mesa, California 92626
(Address of principal executive office) (Zip Code)

(714)966-3400
(Registrant's telephone number, including area code)

____
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes X No _____

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APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes _____ No _____

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

As of May 12, 1992 there were 10,505,396 shares of common stock outstanding

FileNet Corporation

Form 10-Q Index

Page Number

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Consolidated Balance Sheets April 5, 1992 (unaudited) and December 31, 1991 1

Consolidated Statements of Operations (unaudited) for the fiscal quarter ended April 5, 1992 and March 31, 1991 2

Consolidated Statements of Cash Flows (unaudited) for the fiscal quarter ended April 5, 1992 and March 31, 1991 3

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PART II. OTHER INFORMATION

Item 5. New Products 7

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

FILENET CORPORATION
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	April 5, 1992 (unaudited)	December 31, 1991 (audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,147	$ 12,714
Marketable securities	27,143	20,067
Accounts receivable, net	34,848	33,587
Inventories	10,056	8,383
Prepaid expenses	2,349	1,538
Total current assets	77,543	76,289
Property and equipment, at cost	40,815	38,539
Less accumulated depreciation and amortization	(21,993)	(20,718)
Net property and equipment	18,822	17,821
Other assets:		
Capitalized software, net	8,090	7,881
Other	2,661	1,771
Total other assets	10,751	9,652
Total assets	$107,116	$103,762
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 8,026	$ 5,429
Accrued liabilities:		
Compensation	3,010	4,382
Income taxes payable	1,381	1,712
Other	7,878	8,430
Due to bank	2,934	3,386
Current portion of long-term debt	161	230
Total current liabilities	23,390	23,569
Capital lease obligation	176	211
Deferred income taxes	1,743	1,743
Stockholders' equity:		
Preferred stock - $.10 par value; authorized, 7,000,000 shares; none issued and outstanding		
Common stock - $.01 par value; authorized, 25,000,000 shares; issued and outstanding 10,498,676 and 10,308,201 shares at April 5, 1992 and December 31, 1991, respectively	69,585	68,027
Retained earnings	12,222	10,212
Total stockholders' equity	81,807	78,239
Total liabilities and stockholders' equity	$107,116	$103,762

See accompanying notes to consolidated financial statements.

FILENET CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(In thousands, except per share data)

	Fiscal quarter ended	
	April 5, 1992	March 31 1991
Revenue:		
Sales	$ 24,106	$ 19,289
Service and other revenue	10,616	7,857
Total revenue	34,722	27,146
Costs and expenses:		
Cost of sales	7,796	6,459
Cost of service and other revenue	8,709	5,984
Research and development	3,251	2,552
Selling, general and administrative	11,992	9,884
Other income - net	(269)	(193)
Total costs and expenses	31,479	24,686
Income before income taxes	3,243	2,460
Provision for income taxes	1,233	856
Net income	$ 2,010	$ 1,604
Net income per share	$ 0.18	$ 0.15
Weighted average common and common equivalent shares outstanding	11,299	10,496

See accompanying notes to consolidated financial statements.

FILENET CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Fiscal quarter ended	
	April 5, 1992	March 31, 1991
Cash flows from operating activities:		
Net income	$ 2,010	$ 1,604
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	1,925	1,849
Provision for losses on accounts receivable	62	49
Changes in operating assets and liabilities:		
Accounts receivable	(1,323)	1,690
Inventories	(1,673)	1,018
Prepaid expenses	(811)	(838)
Other assets	(891)	4
Accounts payable	2,597	(1,017)
Accrued liabilities:		
Compensation	(1,372)	798
Income taxes payable	(331)	0
Other	(552)	(2,136)
Total adjustments	(2,369)	1,417
Net cash from (used by) operating activities	(359)	3,021
Cash flows from investing activities:		
Capital expenditures	(2,275)	(1,197)
Capitalized software	(859)	(988)
Purchases of marketable securities-net	(7,076)	(5,270)
Net cash used by investing activities	(10,210)	(7,455)
Cash flows from financing activities:		
Principal payments under capital lease obligations	(104)	(52)
Payments on line of credit	(452)	(713)
Proceeds from issuance of common stock-net	1,558	268
Net cash from (used by) financing activities	1,002	(497)
Net decrease in cash	(9,567)	(4,391)
Cash and cash equivalents, beginning of year	12,714	8,250
Cash and cash equivalents, end of period	$ 3,147	$ 3,319
Supplemental cash flow information:		
Interest paid	$ 90	$ 148
Income taxes paid	$ 1,564	$ 636

See accompanying notes to consolidated financial statements.

FileNet Corporation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. In the opinion of management of FileNet Corporation ("the Company"), the accompanying unaudited consolidated financial statements reflect all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the financial position of the Company at April 5, 1992 and the results of its operations for the fiscal quarter ended April 5, 1992 and March 31, 1991, respectively and its cash flows for the fiscal quarter ended April 5, 1992 and March 31, 1991, respectively. Certain information and footnote disclosures normally included in financial statements have been condensed or omitted pursuant to rules and regulations of the Securities and Exchange Commission, although the Company believes that the disclosures in the consolidated financial statements are adequate to make the information presented not misleading. These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto in the Company's Annual Report on Form 10-K, for the fiscal year ended December 31, 1991.

2. Net income per share is computed using the weighted average number of common and common equivalent shares outstanding during the period. Common equivalent shares consist of stock options.

3. Inventories are summarized as follows:

	April 5, 1992 (in thousands)	December 31, 1991 (in thousands)
Raw materials	$ 3,024	$ 3,354
Work-in-process	2,863	1,785
Finished goods	4,169	3,244
	$10,056	$ 8,383

4. Standby letters of credit issued on the Company's behalf at April 5, 1992 totaled $177,500.

5. Export sales to customers located in Europe for the fiscal quarter ended April 5, 1992 and March 31, 1991 were $7,122,000 and $4,150,800, respectively. Export sales for customers in other geographic locations for the fiscal quarter ended April 5, 1992 and March 31, 1991 were $2,015,800 and $258,700, respectively.

6. Other income consists primarily of interest income net of interest expense.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

The Company's operating results are subject to significant quarterly fluctuations due to a combination of the worldwide economic environment, the high average sales price of the Company's systems, a relatively long sales cycle, the varied number of system shipments in any particular quarter, the absence of a significant backlog, seasonality of individual customer buying patterns and variations in the mix of sales by distribution channel or product type.

Total revenue of $34,722,000 for the fiscal quarter ended April 5, 1992 increased 27.9% over the comparable period in 1991, the result of additional product sales (25%) and increased service and other revenue (35%). International sales increased 99% and domestic sales increased 25%, offsetting a 58% decrease in sales of the Company's OSAR libraries to original equipment manufacturers. The increase in service and other revenue is the result of continued growth in the domestic and European installed base of systems serviced by the Company combined with increases in training and consulting revenue.

Cost of sales as a percentage of sales was 32.3% for the fiscal quarter ended April 5, 1992 compared to 33.5% for the comparable period in 1991. Cost of sales as a percentage of sales decreased during the period due to a more favorable product mix (3.1%), the result of a higher percentage of system sales versus add-on sales, a higher content of higher margin software and a smaller percentage of lower margin OSAR sales, offset by increases in warranty and other reserves (1.9%). Cost of sales included $650,000 and $469,000 of software amortization expense for the fiscal quarter ended April 5, 1992 and March 31, 1991, respectively. For the fiscal quarter ended April 5, 1992 the cost of service and other revenue increased as a percent of service and other revenue to 82.0% from 76.2% for the comparable period in 1991. The increase is primarily due to higher mix of lower margin consulting support revenue, continued start-up expenses in the Company's U.K. subsidiary's service and support organization, geographical expansion of our German subsidiary's service and support function and longer warranty periods now being offered.

Research and development expenses of $3,251,400 for the fiscal quarter ended April 5, 1992 increased 27.4% over the comparable period in 1991. As a percentage of revenue, research and development expenses were unchanged at 9.4% from the comparable fiscal quarter in 1991. During the fiscal quarter ending April 5, 1992, the Company capitalized $859,000 of software development costs, compared to $988,000 for the comparable period in 1991. The Company currently anticipates it will capitalize approximately $3,800,000 of software development costs for the year ending January 3, 1993 compared to $3,601,000 for the year ended December 31, 1991.

Selling, general and administrative expenses increased by 21.3% for the fiscal quarter ended April 5, 1992 over the comparable period in 1991. The increase was primarily due to expansion of the Company's direct domestic and international sales and marketing efforts. As a percentage of revenue, selling, general and administrative expenses were 34.5% and 36.4% for the fiscal quarters ended April 5, 1992 and March 31, 1991, respectively.

Other income, net of other expenses, increased 39.2% for the fiscal quarter ended April 5, 1992 over the comparable period in 1991 due primarily to additional interest income.

The effective tax rate for the fiscal quarter ended April 5, 1992 increased to 38.0% from 34.8% for the comparable period in 1991. The effective rate in 1991 was lower due to tax credits and utilization of subsidiary net operating loss carryforwards.

Net income for the fiscal quarter ended April 5, 1992 increased by 25.3% to $2,010,000 compared to $1,604,000 for the comparable period in 1991 due to the reasons previously mentioned.

Liquidity and Capital Resources

Working capital increased by $1,433,000 from December 31, 1991. Changes in the components of working capital included increases in accounts receivable of $1,261,000, inventories of $1,673,000, prepaid expenses of $811,000, accounts payable of $2,597,000, and decreases in cash and cash equivalents and marketable securities of $2,491,000 and accrued liabilities of $2,255,000. The Company anticipates capital expenditures for the fiscal quarter ending July 5, 1992 to be approximately $3,500,000.

The Company has available with a commercial bank an unsecured line of credit of $20,000,000 for working capital needs. This line of credit expires in April 1993, and is subject to the fulfillment of certain financial covenants. The Company also has several foreign borrowing arrangements which expire at various times throughout 1992 and pursuant to which the Company may borrow up to approximately $2,000,000. As of April 5, 1992, borrowings were $2,934,000.

The Company believes its existing working capital and borrowing capacity (including the lines of credit), coupled with funds generated from the Company's operations, will be sufficient to fund its presently anticipated cash requirements throughout 1992.

Part II. OTHER INFORMATION

Item 5. New Products

On May 4, 1992 the Company announced the following new products:

1. A new server, called the Series 5000, featuring the Motorola 68040 processor. One version of this product, a multiple server configuration, is available for shipment now and a single server version is expected to be available for shipment in the third quarter of 1992.

2. A new server called the Series 6000, featuring RISC technology from IBM and AIX 6000® Version 3.2., IBM's implementation of the UNIX® operating system. These products are expected to be available for shipment in the 4th calendar quarter of 1992.

3. A new version of the Company's Image Management Software including Oracle Corporation's latest database software, Version 6 and a new version of FileNet's Computer Output to Laser Disk software (COLD™ 2). These products will be delivered in connection with the Series 6000 server.

4. A new release of the Company's Workforce DeskTop™ and Workshop™ software products adding new features and functionality. This new software is expected to be available in the third calendar quarter of 1992.

In connection with the product line identified in paragraph 2 above, the Company secured a non-exclusive license from Mentat Inc. concerning the software employed and modified by the Company in such product line, and an agreement with IBM for the purchase of IBM products by the Company for incorporation into this product line. These agreements have been filed by the Company on May 5, 1992 with the Form 8 amending the Company's Form 10-K for the fiscal year ended December 31, 1991.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits: None.

(b) Reports on Form 8-K

On February 14, 1992 the Company filed Form 8-K to report a change in fiscal year. Pursuant to the new fiscal year, accounting periods will end exclusively on the Sunday following the thirteenth week of each calendar quarter. Each fiscal year will have 52 weeks with the exception of leap years which will have 53 weeks. Fiscal year 1992 began on January 1, 1992 and will end on Sunday, January 3, 1993. Quarter end dates for fiscal year 1992 will be: April 5, 1992, July 5, 1992, October 4, 1992 and January 3, 1993.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FILENET CORPORATION
(Registrant)

Date May 14, 1992

Mark S. St. Clare
Chief Financial Officer
and Sr. Vice President, Finance

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

MAY 22 1992

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FORM 10-Q

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QUARTERLY REPORT UNDER SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter ended March 31, 1992 Commission File Number 0-1437

THE FIRST REPUBLIC CORPORATION OF AMERICA
(Exact name of registrant as specified in its charter)

DELAWARE	13-1938454
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
302 Fifth Avenue, New York, N.Y.	10001
(Address of principal executive office)	(Zip Code)

Registrant's telephone number, including area code (212) 279-6100

Former name, former address and former fiscal year, if changed since last report:

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Sections 13 and 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days:

Yes X No ____

(37)

As of May 11, 1992 there were 687,417 shares of common stock outstanding.

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THE FIRST REPUBLIC CORPORATION OF AMERICA
AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 1992 (UNAUDITED)	June 30, 1991 (SEE NOTE BELOW)
Assets		
Current Assets		
Cash and Cash Equivalents	$ 729,793	$ 1,553,272
Accounts Receivable	6,331,413	6,565,840
Inventories (Note 2)	4,404,610	5,302,449
Other Current Assets	4,306,405	1,752,294
Total Current Assets	15,772,221	15,173,855
Property, Plant and Equipment	75,040,709	73,629,113
Less: Accumulated Depreciation	28,025,259	25,378,754
Net Properties	47,015,450	48,250,359
Other Assets	18,918,140	20,699,773
TOTAL ASSETS	$ 81,705,811	$ 84,123,987
Liabilities & Stockholders' Equity		
Current Liabilities	$ 17,348,424	$ 18,927,375
Long Term Debt	15,005,705	15,602,284
Other Liabilities and Deferred Credits	6,207,481	6,889,457
Stockholders' Equity:		
Common Stock	1,175,261	1,175,261
Other Stockholders' Equity	41,968,940	41,529,610
Total Stockholders' Equity	43,144,201	42,704,871
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	$ 81,705,811	$ 84,123,987

NOTE: The balance sheet at June 30, 1991 has been derived from the audited financial statements at that date and condensed.

SEE NOTES TO CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

THE FIRST REPUBLIC CORPORATION OF AMERICA

AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS
(UNAUDITED)

	Nine months ended March 31,		Three months ended March 31,	
	1992	1991	1992	1991
Continuing Operations				
Revenues				
Sales-Textile and Seafood	$19,294,177	$19,524,938	$ 6,443,767	$ 9,146,079
Real Estate and Hotel operations	15,755,397	17,447,606	4,784,064	5,310,528
Other	1.933,666	1,450,916	436,803	251,452
Total Revenues	36,983,240	38,423,460	11,664,634	14,708,059
Expenses				
Cost of Sales	17,529,566	20,053,664	5,637,871	9,268,659
Operating-real estate and hotel	6,658,217	7,496,400	2,072,357	2,319,257
Selling, general & administrative	4,599,220	3,776,479	1,550,293	940,652
Depreciation and amortization	3,852,690	2,981,743	1,173,549	918,076
Real estate taxes	1,776,134	1,902,969	574,270	714,341
Interest	2,006,886	2,035,406	570,269	627,300
Total Expenses	36,422,713	38,246,661	11,578,609	14,788,285
Income(loss)from continuing operations before income taxes and minority interests	560,527	176,799	86,025	(80,226)
Income taxes(Expense)Benefit - Note 3	(403,000)	(330,000)	(142,000)	104,000
Minority interests	328,983	436,012	59,935	172,317
Income from Continuing Operations	486,510	282,811	3,960	196,091
Discontinued Operations				
Loss on Disposal of Merrimac (Note 1)		(10,057,583)		(10,057,583)
Extraordinary Item				
Extinguishment of Debt (Note 1)		15,921,000		15,921,000
Net Income	$ 486,510	$ 6,146,228	$ 3,960	$ 6,059,508
Net income(loss)per share of common stock				
Continuing Operations	$ .71	$ .41	$ .01	$ .28
Discontinued Operations		(14.57)		(14.57)
Extraordinary Item		23.07		23.07
	$ .71	$ 8.91	$ .01	$ 8.78
Average shares outstanding	687,986	690,146	687,669	689,408

SEE NOTES TO CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

THE FIRST REPUBLIC CORPORATION OF AMERICA

AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
UNAUDITED

	Nine Months ended March 31,	
	1992	1991
OPERATING ACTIVITIES		
Income from continuing operations	$ 486,510	$ 282,811
Adjustments to Reconcile Income to Net Cash Provided(Used)by Operating Activities:		
Depreciation and Amortization	3,852,690	2,981,743
Minority Interests' share of Loss in Subsidiaries	(328,983)	(436,012)
Changes in Operating Assets and Liabilities from Continuing Operations:		
Increase in Accounts and Other Receivables	(88,828)	(175,454)
Decrease in Inventories	897,839	1,196,542
Decrease(Increase)in Other Assets	320,674	(2,617,135)
(Decrease)Increase in Accounts Payable	(805,844)	1,637
(Decrease)Increase in Other Liabilities	(352,993)	223,663
CASH PROVIDED BY CONTINUING OPERATIONS	3,981,065	1,457,795
Cash Used by Discontinued Operations		(11,639,017)
CASH PROVIDED(USED)BY OPERATIONS	3,981,065	(10,181,222)
INVESTING ACTIVITIES		
Purchases of Property Plant and Equipment	(2,617,781)	(3,370,961)
Investment In and Advances to Partnership	(1,093,152)	
Repayment and Proceeds of Loans to and from Related Parties	2,500,000	5,000,000
Payments Received on Mortgages Receivable	323,255	124,173
NET CASH(USED)PROVIDED BY INVESTING ACTIVITIES	(887,678)	1,753,212
FINANCING ACTIVITIES		
(Payments)Proceeds from Mortgages and Notes Payable	(3,333,505)	5,111,403
Principal Payments on Long Term Debt	(536,181)	(198,670)
Other Financing Activities	(47,180)	(150,349)
Distribution from Partnership		1,964,000
NET CASH(USED)PROVIDED BY FINANCING ACTIVITIES	(3,916,866)	6,726,384
DECREASE IN CASH AND CASH EQUIVALENTS	(823,479)	(1,701,626)
Cash and Cash Equivalents at Beginning of Period	1,553,272	1,744,073
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 729,793	$ 42,477

SEE NOTES TO CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

THE FIRST REPUBLIC CORPORATION OF AMERICA

AND SUBSIDIARIES

NOTES TO CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated balance sheet as of March 31, 1992, the consolidated statements of operations for the nine month periods ended March 31, 1992 and 1991, and the condensed consolidated statement of cash flows for the nine month periods then ended have been prepared by the Company, without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at March 31, 1992 and for all periods presented, have been made.

Certain divisions of Merrimac Corp. were either sold or closed during August through October 1990. The sale of assets resulted in a net loss, and the settlement of liabilities resulted in a net gain. Losses from operations, and losses from the disposal of assets are reflected in the loss from discontinued operations at March 31, 1991. The net gain to the Company from the extinguishment of debt as a result of the consummation of the plan of reorganization of Merrimac, under Chapter 11, and the loss from discontinued operations and disposal of assets of Merrimac, does not result in taxable income.

2 INVENTORIES

	March 31, 1992	June 30, 1991
Work-in process and raw materials	$ 2,340,984	$ 1,980,598
Finished goods	2,063,626	3,321,851
	$ 4,404,610	$ 5,302,449

3. INCOME TAXES

	Nine Months Ended March 31, 1992	Nine Months Ended March 31, 1991
Federal	$ 160,000	$ (20,000)
State	243,000	350,000
	$ 403,000	$ 330,000

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Liquidity and Capital Resources (000's ommited)

Working capital at March 31, 1992 increased by approximately $2,177. Although the Company had a deficit in working capital at March 31, 1992 of approximately $1,576, it has sufficient working capital to meet all its requirements. The Company's borrowings against its line of credit ($8,700 at March 31, 1992) are reflected as a current liability. Traditionally, these loans do not have to be repaid during the year, the funds are constantly available and the loans are renewed every year. Net cash provided by continuing operating activities was approximately $3,981. Net cash used for financing activities was approximately $3,917. Net cash of approximately $888 was used by investing activities.

On July 30, 1991, the Company acquired American Midland Corporation's ("AMC") 49.9% partnership interests in two nursing homes located in Jersey City and Whiting, N.J. and, subject to the approval of the Department of Health of the State of New Jersey, a 49.9% partnership interest in a third nursing home and a senior citizen residence located in Rochelle Park, N.J. Such approval was received in March 1992. The aggregate purchase price (the "Health Care Purchase Price") for these health care interests was approximately $4,400, including cash of $2,000, and the cancellation of a $2,000 convertible subordinated debenture from AMC, including principal and accrued interest. As a condition of the closing, AMC repurchased a $1,000 convertible subordinated debenture from its Chairman at par, and he, in turn, repaid a $1,000 loan to the Company.

The Company currently has a $10,800 line of credit with a New York bank which bears interest at the prime rate and is collateralized by a mortgage on the real estate of the East Newark Industrial Center. A renewal and increase of the line to $13,000 is currently being negotiated with the bank. At March 31, 1992, $8,600 of loans were outstanding and approximately $100 was utilized in connection with a standby letter of credit.

Results of Operations (In Thousands)

Nine months ended March 31, 1992 and 1991

Income before income taxes and minority interests increased $384 from operations. The components are as follows:

	1992	1991	(Decrease) Increase
Real Estate	$4,266	$4,381	$ (115)
Hotel	318	726	(408)
Seafood	(790)	(345)	(445)
Textile	(847)	(3,051)	2204
Corporate	(2,386)	(1,534)	(852)
	$ 561	$ 177	$ 384

REAL ESTATE

Revenues decreased $703. Repairs and maintenance expense decreased $648, and there were no other significant variations in any expense category.

HOTEL

Hotel earnings decreased $408 on an approximate 20 percent decrease in revenues.

SEAFOOD

Revenues decreased $223. Earnings decreased $445 for the entire seafood division due primarily to a $888 loss from shrimp operations in Ecuador which had incurred a loss of $332 in the prior year.

TEXTILES

Losses decreased $2,204. Hanora Spinning's earnings increased $263. Hanora South and J & M Dyers incurred combined losses of $996 as compared to last year's losses of $1,395. Losses are continuing in these operations as a result of the loss of their major customer in fiscal 1990. Whitlock Combing had a $1,542 decrease in losses due mainly to a 60% increase in commission combing revenues.

CORPORATE

Corporate expense increased $852, and includes a loss from the Giftware operations of $178. The increase is attributable to a $176 increase in interest costs and income of $455 last year from loans made to related parties.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION - CONTINUED

Three months ended March 31, 1992 and 1991

Income before income taxes and minority interests increased $166. The components are as follows:

	1992	1991	(Decrease) Increase
Real Estate	$ 1,235	$ 1,345	$ (110)
Hotel	9	132	(123)
Seafood	(195)	3	(198)
Textile	22	(785)	807
Corporate	(985)	(775)	(210)
	$ 86	$ (80)	$ 166

REAL ESTATE

Revenues decreased $46. Repairs and maintenance expense decreased $280 and there were no other significant variations in any expense category.

HOTEL

Hotel earnings decreased $123, on an approximate 29 percent decrease in revenues.

SEAFOOD

Losses increased $198, due primarily to an increased loss of $226 from shrimp operations.

TEXTILES

Losses decreased $807. Hanora Spinning's earnings increased $64. Hanora South and J & M Dyers incurred combined losses of $268 as compared to last year's losses of $403. Losses are continuing in these operations as a result of the loss of their major customer in fiscal 1990. Whitlock Combing had a $608 decrease in losses due mainly to a 46% increase in commission combing revenues.

CORPORATE

Corporate expenses increased $210 which includes a loss from the Giftware operations of $198.

PART II. OTHER INFORMATION

ITEM 6. Exhibits and Reports on Form 8-K.

Exhibits: None

Reports: There were no reports on Form 8-K filed during the quarter ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

The First Republic Corporation of America
Registrant

Date: May 21, 1992

/s/ Norman A. Halper
Norman A. Halper
President

Date: May 21, 1992

/s/ Harry Bergman
Harry Bergman
Treasurer

PART II. OTHER INFORMATION

ITEM 6. Exhibits and Reports on Form 8-K.

Exhibits: None

Reports: There were no reports on Form 8-K filed during the quarter ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

The First Republic Corporation of America
Registrant

Date: May 21, 1992
/s/ Norman A. Halper
Norman A. Halper
President

Date: May 21, 1992
/s/ Harry Bergman
Harry Bergman
Treasurer

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 33-37576

19, 1992
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Q-Data Corp. - St. Petersburg, FL

FORTIS BENEFITS INSURANCE COMPANY
(Exact name of registrant as specified in its charter)

11 11 A

MINNESOTA	81-0170040
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
500 BIELENBERG DRIVE, WOODBURY, MN	55125
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code: 612-738-5590

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ____

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FORTIS BENEFITS INSURANCE COMPANY
BALANCE SHEETS
(In thousands, except per share amounts)

	March 31, 1992	December 31, 1991
	(unaudited)	
ASSETS		
Investments		
Fixed maturities, at amortized cost (market: $1,574,179 at March 31, 1992, $1,568,525 at December 31, 1991)	$ 1,558,459	$ 1,517,757
Preferred stocks, at market (cost: $575 at March 31, 1992, $575 at December 31, 1991)	759	500
Common stocks, at market (cost: $15,224 at March 31, 1992, $15,908 at December 31, 1991)	17,212	17,326
Mortgage loans on real estate	255,812	260,792
Policy loans	48,702	48,655
Short-term investments	31,715	25,912
Real estate and other investments	8,715	7,319
	1,921,374	1,878,261
Receivables:		
Uncollected premium	39,019	38,236
Due from affiliates	1,946	3,005
Other	2,005	6,423
	42,970	47,664
Cash and cash equivalents	18,088	19,467
Accrued investment income	32,036	33,325
Deferred policy acquisition costs	184,152	185,979
Property and equipment, at cost, less accumulated depreciation	41,427	41,360
Other assets	1,107	1,015
Assets held in separate accounts	268,436	202,810
	$ 2,509,590	$ 2,409,881

See accompanying notes.

	March 31, 1992	December 31, 1991
RESERVES, LIABILITIES AND SHAREHOLDER'S EQUITY	(unaudited)	
POLICY RESERVES AND LIABILITIES		
Future policy benefit reserves:		
Traditional life insurance	$ 382,925	$ 381,454
Interest sensitive and investment products	526,122	511,192
Accident and health	632,854	624,244
	1,541,901	1,516,890
Unearned premiums	25,194	22,630
Other policy claims and benefits payable	178,969	181,608
Policyholder dividends payable	3,226	3,229
	1,749,290	1,724,357
Accrued expenses	39,135	43,269
Due to affiliates	92	5,071
Current income taxes payable	42,344	5,294
Deferred federal income taxes	10,822	33,283
Shareholder dividends payable		8,000
Other liabilities	36,287	38,461
Liabilities related to separate accounts	264,267	198,520
	2,142,237	2,056,255
SHAREHOLDER'S EQUITY		
Common stock, $5 par value, 1,000,000 shares authorized, issued and outstanding	5,000	5,000
Additional paid-in capital	345,000	345,000
Retained earnings (deficit)	15,782	2,178
Unrealized gain (loss) on equity securities, net of deferred taxes of $725 at March 31, 1992 and $443 at December 31, 1991	1,054	860
Unrealized gain on assets held in separate accounts, net of deferred taxes of $266 at March 31, 1992 and $303 at December 31, 1991	517	588
	367,353	353,626
	$ 2,509,590	$ 2,409,881

See accompanying notes.

FORTIS BENEFITS INSURANCE COMPANY
STATEMENTS OF INCOME
(In thousands)
(unaudited)

	Three months ended March 31, 1992	Three months ended March 31, 1991
REVENUES		
Insurance operations:		
Traditional life insurance premiums	$ 43,837	$ 9,341
Interest sensitive and investment product policy charges	5,677	5,452
Accident and health premiums	192,876	51,773
	242,390	66,566
Net investment income	38,475	16,830
Realized gains (losses) on investments	14,182	2,569
Other income	9,010	432
TOTAL REVENUES	304,057	86,397
BENEFITS AND EXPENSES		
Benefits to policyholders:		
Traditional life insurance	35,357	8,533
Interest sensitive and investment products	11,350	8,637
Accident and health	154,926	38,713
	201,633	55,883
Policyholder dividends	790	719
Amortization of deferred policy acquisition costs	8,892	2,124
Insurance commissions	29,122	8,064
General and administrative expenses	42,933	11,093
TOTAL BENEFITS AND EXPENSES	283,370	77,883
INCOME BEFORE INCOME TAX EXPENSE	20,687	8,514
INCOME TAX EXPENSE		
Current	29,790	2,391
Deferred	(22,707)	703
	7,083	3,094
NET INCOME	$ 13,604	$ 5,420

See accompanying notes

FORTIS BENEFITS INSURANCE COMPANY
STATEMENTS OF CASH FLOW
(In thousands)
(Unaudited)

	Three months ended March 31,	
	1992	1991
OPERATING ACTIVITIES		
Net income	$ 13,604	$ 5,420
Adjustments to reconcile net income to net cash provided by operating activities:		
Increase in future policy benefit reserves for traditional and interest sensitive products	13,877	3,847
Increase (decrease) in other policy claims, benefits and policyholder dividends payable	(2,642)	935
Increase in deferred federal income taxes	(22,461)	703
Increase in income taxes payable	37,050	971
Amortization of policy acquisition costs	8,892	2,124
Policy acquisition costs deferred	(7,065)	(2,656)
Provision for mortgage loan losses	(71)	(369)
Provision for depreciation	1,639	478
Accrual of discount, net	511	(53)
Change in uncollected premiums, accrued investment income, other receivables, unearned premiums, accrued expenses, and other liabilities	(2,740)	(1,858)
Other	(324)	27
NET CASH PROVIDED BY OPERATING ACTIVITIES	40,270	9,569
INVESTING ACTIVITIES		
Purchases of fixed maturity investments	(1,130,874)	(272,543)
Sales or maturities of fixed maturity investments	1,089,329	247,397
Decrease (increase) in short-term investments	(5,803)	1,340
Purchase of other investments	(4,241)	(3,508)
Sales or maturities of other investments	8,512	3,900
Purchase of property and equipment	(1,751)	(1,246)
Other	45	3
NET CASH USED BY INVESTING ACTIVITIES	(44,783)	(24,657)
FINANCING ACTIVITIES		
Activities related to investment products:		
Considerations received	11,096	12,379
Surrenders and death benefits	(6,188)	(4,609)
Interest credited to policyholders	6,226	4,861
Dividends paid to shareholder	(8,000)	
NET CASH PROVIDED BY FINANCING ACTIVITIES	3,134	12,631
INCREASE (DECREASE) IN CASH	(1,379)	(2,457)
Cash and cash equivalents at beginning of period	19,467	6,620
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 18,088	$ 4,163

See accompanying notes.

FORTIS BENEFITS INSURANCE COMPANY

Notes to Financial Statements
March 31, 1992
(Unaudited)

General: The accompanying unaudited financial statements of Fortis Benefits Insurance Company (the Company), contain all adjustments necessary to present fairly the balance sheet as of March 31, 1992, and the related statements of income and cash flows for the three months ended March 31, 1992 and 1991.

Acquired Business: Effective October 1, 1991 the Company purchased certain assets and assumed certain liabilities from The Mutual Benefit Life Insurance Company in Rehabilitation (MBL). The acquired business has been included in the financial statements of Fortis Benefits Insurance Company. The acquisition was accounted for as a purchase. A contingent promissory note in the maximum amount of $200 million was issued as part of this transaction. Future payments on the promissory note are primarily contingent upon the persistency of the long term disability portion of the acquired business. Future payments, if required, are due on the first, second and third anniversaries of the acquisition.

The statement of income for the three months ended March 31, 1992 includes the results of operations of the acquired business as follows (in thousands):

Revenues	210,500
Benefits	(205,900)
Income before income taxes	4,600

At March 31, 1992. $19 million of the purchase price was held as a liability by the Company. This liability was settled subsequent to March 31, 1992 for $18 million. This settlement had no effect on first quarter 1992 profitability

Statement of Cash Flows: The Company considers investments with a maturity, at the date of their acquisition, of three months or less to be cash equivalents. These secruities are carried principally at amortized cost which approximates market value.

Income tax refund received during the three months ended March 31, 1992 was $7,260,000, and cash paid for the three months ended March 31, 1991 was $1,420,000.

FORTIS BENEFITS INSURANCE COMPANY

Notes to Financial Statements
March 31, 1992
(Unaudited)

Debt Securities: The amortized cost and market values of investments in fixed maturity debt securities were as follows at March 31, 1992 (in thousands):

	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Market Value
Governments	$ 167,245	$ 1,030	$ 1,237	$ 167,038
Public utilities	172,336	8,180	2,543	177,973
Industrial and miscellaneous	1,157,400	17,516	8,480	1,166,436
Other	61,478	1,531	277	62,732
Total	$1,558,459	$28,257	$12,537	$1,574,179

The amortized cost and market value of debt securities at March 31, 1992, by contractual maturity, are shown below (in thousands). Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Market Value
Due in one year or less	$ 15,916	$ 16,120
Due after one year through five years	455,792	458,198
Due after five years through ten years	564,665	567,943
Due after ten years	522,086	531,918
	$1,558,459	$1,574,179

Proceeds from sales and maturities of investments in debt securities in the three month period ended March 31, 1992 were $1,094,157,000 and $125,000 respectively. Gross gains of $23,481,076 and gross losses of $9,127,691 were realized on sales.

Mortgage Loans: The Company has issued commercial mortgage loans on properties located throughout the country. Currently, approximately 54% of outstanding principal is concentrated in the states of Arizona, California, Florida and Illinois. The Company has a diversified loan portfolio with a small average size, which greatly reduces any loss exposure. The Company has established a reserve for mortgage loans and a specific reserve for any problem mortgages.

Net Investment Income and Realized Gains (Losses) on Investments: Major categories of net investment income and realized gains and losses on investments for the first three months of each year were as follows (in thousands):

	Investment Income		Realized Gain (Loss) on Investments	
	1992	1991	1992	1991
Fixed maturities	$31,239	$12,983	$14,353	$2,424
Preferred stocks	15			
Common stocks	331	374	(213)	203
Mortgage loans on real estate	6,312	3,289	24	354
Policy loans	731	598		
Short-term investments	749	41	4	
Real estate and other investments	209	68	14	(412)
	39,586	17,353	$14,182	$2,569
Expenses	(1,111)	(523)		
	$38,475	$16,830		

Separate account assets were as follows (in thousands):

	March 31 1992	December 31, 1991
Premium and annuity considerations for the variable annuity products and the variable universal life product for which the contractholder, rather than the Company, bears the investment risk.	$264,267	$198,520
Assets of the separate account owned by the Company, net of unrealized gain or loss	4,169	4,290
	$268,436	$202,810

Management's Discussion and Analysis of Financial Condition and Results of Operations

First Quarter 1992 Compared to 1991

Acquired Business

On October 1, 1991 Fortis Benefits acquired a large block of group life, accident and health, disability and dental insurance business from The Mutual Benefit Life Insurance Company in Rehabilitation ("MBL"). The acquired business has been included in the financial statements of Fortis Benefits since the date of acquisition. Subsequent to March 31, 1992, the Company settled an outstanding purchase liability for $18 million, which was originally estimated to be $19 million. This settlement had no effect on first quarter 1992 results.

Results of operations for the first quarter 1992 for the acquired business were as follows:

- Premium revenues were $180 million,
- Total revenues were $211 million,
- Benefits and expenses were $206 million, and
- Income before income taxes was $6.9 million.

Other than the changes from the acquired business, results for other operations are discussed below.

Revenue

Accident and health premiums decreased 7% from first quarter 1991 to 1992. This was attributable to lower sales of the company's medical products in the first quarter, 1992.

Traditional life insurance premiums were consistent with first quarter 1991 levels.

Interest sensitive and investment product policy charges, which consist primarily of cost of insurance charges on these policies, were $5.6 million in first quarter 1992. This was a slight increase from $5.4 million in first quarter 1991. This increase was due primarily to a larger in force block of the variable universal life products.

Investment income increased to $18.6 million in first quarter 1992 from $16.8 million in first quarter 1991. Capital gains were $7.3 million in first quarter 1992 versus $2.6 million in first quarter 1991.

Benefits and Expenses

The policy benefits and claims for the Company's accident and health business decreased by 9%. This was due to both a decrease in premium revenues and also a reduction in the loss ratios. This decrease in loss ratios was primarily the result of the Company's continued focus on controlling claim costs for its policyholders.

Traditional life insurance benefits decreased 15% from first quarter 1991. Interest sensitive and investment product benefits and claims increased 27% during first quarter 1992. These results reflect decreased sales of traditional insurance products and increased sales and marketing of investment products.

Commissions on the Company's investment products increased $4 million in first quarter, 1992 due to increased sales of these products.

Operating expense only increased approximately $1.1 million from first quarter 1991 levels. This relatively small increase was achieved through various expense management programs.

Income

Income before income taxes totaled $13.6 million in first quarter 1992 compared with $8.5 million in first quarter 1991. For traditional life insurance, net income before income tax expense for the three months ended March 31, 1992 was $2.6 million higher than for the same period of the prior year. This increase for the three months was primarily due to increased amounts of capital gains income, decrease in mortality and a decrease in operating expenses. Interest sensitive and investment products produced net income before income tax expense for the three months ended March 31, 1992 that was $1.6 million higher than for the same period in 1991. The increase for the three months was primarily due to more policies in force and an increase in capital gains income. These factors were partially offset by an increase in mortality and operating expenses.

Liquidity and Capital Resources

The liquidity and capital requirements of the Company are provided from operating revenues and investment activities. The Company expects its investment and operation activities to continue to generate sufficient funds to pay policy benefits and operating expenses.

Additional capital may be contributed by the Company's parent, Fortis, Inc., to fund the first payment on the contingent promissory note which is due October 1, 1992.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. Changes in Securities

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

a. None

b. No Forms 8-K have been filed during the quarter for which this report is filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Fortis Benefits Insurance Company
(Registrant)

Date: May 13, 1992

Michael J. Peninger
Vice President, Controller and
Treasurer (on behalf of the
Registrant and as its
principal financial and
chief accounting officer)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

L 92-2049

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to __________

7/7/95

Commission File No. 0-19459

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FOUR STAR RANCH, INC.
(Exact name of Registrant as specified in its charter)

L3U

NEVADA	87-0485319
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

3760 SOUTH HIGHLAND DRIVE, SUITE 300 SALT LAKE CITY, UTAH	84106
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (801) 272-9283

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. [X] Yes [ ] No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding as of May 11, 1992
$.001 PAR VALUE CLASS A COMMON STOCK	1,000,000 SHARES

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FOUR STAR RANCH, INC.
(A Development Stage Company)

Balance Sheet
As of March 31, 1992 and December 31, 1991

ASSETS

	March 31, 1992 (Unaudited)	Dec. 31, 1991 (Audited)
CURRENT ASSETS		
Cash in Bank	$ 0	$ 0
Total Current Assets	0	0
OTHER ASSETS		
Organization Costs (Note 1)	0	0
Total Other Assets	0	0
TOTAL ASSETS	$ 0	$ 0

LIABILITIES & STOCKHOLDER'S EQUITY

	March 31, 1992 (Unaudited)	Dec. 31, 1991 (Audited)
LIABILITIES		
Accounts Payable	$ 0	$ 0
Total Liabilities	0	0
STOCKHOLDERS' EQUITY		
Common Stock 25,000,000 shares authorized, at $0.001 par value; 1,000,000 shares issued and outstanding	1,000	1,000
Deficit accumulated during the development stage	(1,000)	(1,000)
Total Stockholders' Equity	0	0
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	$ 0	$ 0

The accompanying notes are an integral part of this statement

FOUR STAR RANCH, INC.
(A Development Stage Company)

Statement of Operations
(Unaudited)

	For Three Months Ended March 31, 1992	For Three Months Ended March 31, 1991
REVENUES	$ 0	$ 0
EXPENSES	0	0
NET DEFICIT CURRENT PERIOD	$ 0	$ 0
ACCUMULATED DEFICIT DURING DEVELOPMENT	$(1,000)	$(1,000)
DEFICIT PER SHARE	$ (.00)	$ (.00)

The accompanying notes are an integral part of this statement

FOUR STAR RANCH, INC.
(A Development Stage Company)

Statement of Cash Flows
(Unaudited)

	For Three Months Ended	
	March 31, 1992	March 31, 1991
Increase (Decrease) in cash:		
Cash Flows from operation activities		
Net (Loss) from operations	$ 0	$ 0
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization	0	0
Total adjustments	0	0
Net cash used in operating activities	0	0
Cash flows from financing activities		
Proceeds from capitalization	0	0
Net cash provided from financing activities	0	0
Net decrease in cash	0	0
Cash balance March 31, 1991	0	$ 0
Cash balance March 31, 1992	$ 0	

The accompanying notes are an integral part of this statement

FOUR STAR RANCH, INC.
(A Development Stage Company)

Notes to Financial Statements

Note 1 - Summary of Significant Account Policies

Accounting Methods

The Company recognizes income and expenses based on the accrual method of accounting.

Organization Costs

The Company amortizes its organization cost over a five year period.

Dividend Policy

The Company has not yet adopted any policy regarding payment of dividends.

Income Taxes

The Company records the income tax effect of transactions in the same year that the transactions enter into the determination of income, regardless of when the transactions are recognized for tax purposes. Tax credits are recorded in the year realized. Since the Company has not yet realized income as of the date of this report, no provision for Federal and State taxes has been made.

Note 2 - Development Stage Company

The Company was incorporated under the laws of the State of Nevada on April 12, 1988. The Company has been in the development state since incorporation. The Company intends to acquire interests in various business opportunities which, in the opinion of management, will provide a profit to the Company. The Company has no operations nor planned products or services. Additional external financing may be required to proceed with any business plan which may be developed by the Company.

Note 3 - Purchase of Stock by Officers and Directors

On April 12, 1988 the Company sold 1,000,000 shares of its common stock to Capital General Corporation for $2,000 cash for an average consideration of $0.002 per share. The Company's authorized stock includes 25,000,000 shares of common stock at $.001 par value.

Note 4 - Related Party Transactions

The Company neither owns nor leases any real property. Office services are provided, without charge, by Capital General Corporation. Such costs are immaterial to the financial statements and, accordingly, have not been reflected herein.

The officers and directors of the Company are involved in other business activities and may, in the future, become involved in other business ventures which also seek available business opportunities. If a specific business opportunity becomes available, such persons may face a conflict in selecting between the Company and their other business interests. The Company has formulated no policy for the resolution of such conflicts.

Note 5 - Earnings (Loss) Per Share

Earnings (loss) per share amounts are computed based on the weighted average number of shares actually outstanding of 1,000,000 for 1992 and 1991.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation.

The Registrant has been in existence since April 12, 1988. It has no operational history and has yet to engage in business of any kind. All risks inherent in a new and inexperienced enterprise are inherent in the Registrant's business. The Registrant has not made a formal study of the economic potential of any business. The Registrant has no assets or business opportunities presently contemplated for acquisition.

The Registrant has no liquidity and no presently available capital resources, such as credit lines, guarantees, etc. and should a merger or acquisition prove unsuccessful, it is possible that the Registrant may be dissolved by the State of Nevada for failing to file reports or liquidated by present management.

Based on current economic and regulatory conditions, Management believes that it is possible, if not probable, for a company like the Registrant, without assets or liabilities, to negotiate a merger or acquisition with a viable private company. The opportunity arises principally because of the high legal and accounting fees and the length of time associated with the registration process of "going public". However, should any of these conditions change, it is very possible that there would be little or no economic value for anyone taking over control of the Registrant.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FOUR STAR RANCH, INC.

Dated: May 11, 1992

Krista Castleton, Secretary and Director

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15 (d)
of the Securities Exchange Act of 1934

For the Quarter ended March 31, 1992
Commission File Number 0-15540

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FRONTIER FINANCIAL CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Washington	91-1223535
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification Number)

6623 Evergreen Way
Everett, Washington 98203

(Address of Principal Administrative Offices) (Zip Code)

(206) 347-0600

(Registrant's Telephone Number, Including Area Code)

Securities Registered Pursuant to Section 12(g) of the ACT:

Common Stock (No Par Value)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes __X__ No _____.

The issuer has one class of common stock (no par value) with 1,040,938 shares outstanding as of March 31, 1992.

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FRONTIER FINANCIAL CORPORATION & SUBSIDIARIES

Index to Quarterly Report on Form 10-Q

March 31, 1992

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PART I - Financial Information

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Consolidated Statement of Income - Three Months Ended March 31, 1992 and 1991. 2

Consolidated Statement of Cash Flows - Three Months Ended March 31, 1992 and 1991. 3

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PART II - Other Information

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Signature 13

FRONTIER FINANCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET (Notes 1 and 3)
(Unaudited)
(In Thousands)

	March 31, 1992	December 31, 1991
ASSETS		
Cash and Balances Due from Depository Institutions	$ 20,065	$ 22,249
Securities (market value 3-31-92,$79,648)	77,448	54,542
Federal Funds Sold (12-31-92, $58,220)	23,000	22,965
Loans (Note 2)		
Loans Net of Unearned Income	248,104	247,205
Less: Allowance for Loan Losses	(3,973)	(3,773)
Net Loans	244,131	243,432
Premises & Fixed Assets, Net	4,836	4,829
Other Real Estate Owned	205	67
Other Assets	5,190	4,925
TOTAL ASSETS	$ 374,875	$ 353,009
LIABILITIES		
Deposits:		
Non-Interest Bearing	$ 48,261	$ 46,594
Interest Bearing	295,808	277,657
Total Deposits	344,069	324,251
Federal Funds Purchased	395	340
Long-Term Debt	985	1,023
Other Liabilities	3,955	3,345
TOTAL LIABILITIES	349,404	328,959
EQUITY CAPITAL		
Common Stock	24,380	19,627
Retained Earnings (Note 3)	1,091	4,423
TOTAL EQUITY CAPITAL	25,471	24,050
TOTAL LIABILITIES & EQUITY CAPITAL	$ 374,875	$ 353,009

The accompanying notes are an integral part of these financial statements.

FRONTIER FINANCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME (Notes 1 and 3)
(Unaudited)
(In Thousands)

INCOME	THREE MONTHS ENDED March 31, 1992	THREE MONTHS ENDED March 31, 1991
Interest Income:		
Interest & Fee's on Loans	$ 6,814	$ 6,257
Interest on Investments	1,590	1,393
Total Interest Income	$ 8,404	7,650
Interest Expense:		
Interest on Deposits	4,316	4,347
Interest on Borrowed Funds	32	50
Total Interest Expense	4,348	4,397
Net Interest Income	4,056	3,253
Provision for Loan Losses	(175)	(40)
Non-Interest Income:		
Service Charge on Deposit Accounts	329	279
Other noninterest income	528	303
Total Noninterest income	857	582
Noninterest expense:		
Salaries and Employee Benefits	1,534	1,370
Occupancy Expenses	358	323
Other Noninterest Expense	738	645
Total Noninterest Expense	2,630	2,338
Income Before Taxes	2,108	1,457
Applicable Income Taxes	(710)	(368)
NET INCOME	$ 1,398	$ 1,089
AVERAGE NUMBER OF SHARES OUTSTANDING FOR THE PERIOD (Note 3)	1,040,908	940,745
PER SHARE OF COMMON STOCK	$ 1.34	$ 1.16

The accompanying notes are an integral part of these financial statements.

FRONTIER FINANCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN CASH FLOWS
(Unaudited)
(In Thousands)

	THREE MONTHS ENDED March 31, 1992	THREE MONTHS ENDED March 31, 1991
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 1,398	$ 1,089
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	162	250
Provision for loan losses	175	40
Increase in income taxes payable	555	262
Decrease in interest receivable	(553)	(396)
Increase (Decrease) in interest payable	(55)	64
Other operating activities	385	385
Net cash provided by operating activities	2,067	1,694
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from liquidation of investment securities	1,560	4,178
Purchase of investment securities	(24,580)	(18,609)
Net cash flows from loan activities	(970)	166
Purchase of premises and equipment	(147)	(250)
Other investing activities	-0-	-0-
Net cash used by investing activities	(24,137)	(14,715)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in demand deposit accounts	20,488	7,746
Net change in certificates of deposit	(647)	10,614
Proceeds from issuance of stock	23	20
Other financing activities	(41)	(1)
Net cash provided by financing activities	19,823	18,379
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,247)	5,358
CASH AND CASH EQUIVALENTS AT BEGINNING OF QUARTER	45,214	31,380
CASH AND CASH EQUIVALENTS AT END OF QUARTER	$ 42,967	$ 36,738
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 4,382	$ 4,304
Cash paid during the year for income taxes	$ 170	- 0 -

The accompanying notes are an integral part of these financial statements.

FRONTIER FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(UNAUDITED)

(IN THOUSANDS, EXCEPT FOR NUMBER OF SHARES)

	Common Stock		Retained	
	Shares	Amount	Earnings	Total
Balance, December 31, 1989	769,690	$ 12,369	$ 3,484	$ 15,853
Net Income for 1990			3,560	3,560
Stock Options Exercised	8,306	116		116
Stock Dividends	76,971	2,771	(2,771)	-0-
Fractional Shares Purchased (Net)	258	9		9
Balance, December 31, 1990	855,225	$ 15,265	$ 4,273	$ 19,538
Net Income for 1991			4,426	4,426
Stock Options Exercised	4,773	71		71
Stock Dividends	85,522	4,276	(4,276)	-0-
Fractional Shares Purchased (Net)	306	15		15
Balance, December 31, 1991	945,826	$ 19,627	$ 4,423	$ 24,050
Net Income for First Three Months of 1992			$ 1,398	$ 1,398
Stock Options Exercised	155	5		5
Stock Dividend	94,591	4,730	(4,730)	
Fractional Shares Purchased (Net)	366	18		18
Balance, March 31, 1992	1,040,938	$ 24,380	$ 1,091	$ 25,471

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information, and with instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. All adjustments made to the unaudited interim financial statements were of a normal recurring nature. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 1992 are not necessarily indicative of the results that may be expected for year-end December 31, 1992. For further information, refer to the consolidated financial statements and footnotes thereto included in the Corporation Annual Report on Form 10-K for the year ended December 31, 1991.

NOTE 2. Loans:

The following is an analysis of the loan portfolio by major type of loans:

	(In Thousands)	
	March 31, 1992	December 31, 1991
Commercial	$ 83,156	$ 85,028
Real Estate:		
Commercial	53,783	52,098
Construction	52,172	49,573
Residential	41,503	42,740
Instalment	18,618	18,914
	$249,232	$248,353
Unearned Fee Income	(1,128)	(1,148)
TOTAL LOANS	$248,104	$247,205

NOTE 3. The Board of Directors declared 10% stock dividends which were paid April 1, 1991, and March 23, 1992.

NOTE 4. Certain amounts in prior periods' financial statements have been reclassified to conform to the current presentation.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Highlights

Consolidated net income for first quarter of 1992 was the highest in the history of Frontier Financial Corporation ("Corporation"), or Frontier Bank ("Bank"). Net income was $1.4 million versus $1.1 million for the first quarter of 1991, or up 28.4%. The main reason for the increase in 1992 over 1991 was increased net interest income of $.8 million or 24.6%. The reserve for loan losses was 1.60% of total loans at the end of the first quarter of 1992, and 1.55% at the end of the same period in 1991.

Annualized return on average assets (ROA) was 1.57% for the first quarter of 1992, and 1.47% for the same period in 1991. Annualized return on average stockholders equity (ROE) for the first quarter of 1992 was 22.4%, and 21.8% in 1991. Earnings per share increased from $1.16 in 1991 to $1.34 in the first quarter of 1992. Earnings per share have been adjusted for the 10% stock dividend paid on March 23, 1992.

Consolidated total assets at March 31, 1992 were $374.9 million, compared to $312.8 million for the first quarter of 1991, or an increase of 19.9%. The investment in Federal Funds Sold increased from $14.5 million at quarter end 1991 to $23.0 million at quarter end 1992. Net loans increased $37.8 million or 18.0% over the same period.

Deposits at March 31, 1992 were $344.1 million, compared to $286.2 million at the end of March 1991, or an increase of 20.2%.

Net Interest Income

Net interest income is the difference between total interest income and total interest expense. Several factors contribute to changes in net interest income. These include the effects of changes in average balances, changes in rates on earning assets and rates paid for interest bearing liabilities, the level of noninterest bearing deposits, stockholders' equity, and the level of nonaccrual loans.

The earnings from certain assets are exempt from federal income tax, and it is customary in the financial services industry to analyze changes in net interest income on a "tax equivalent" or fully taxable basis. Under this method, nontaxable income from loans and investments is adjusted to an amount which would have been earned if such income were subject to federal income tax. The discussion below presents an analysis based on "taxable equivalent" amounts at a 34% tax rate.

Net Interest Income was $4.2 million for the first quarter 1992, versus $3.4 million for the first quarter of 1991. The net interest margin, which is net interest income as an annualized percent of average quarterly assets, for the first quarter of 1992 was 4.76%, and 4.59% for the first quarter of 1991. The fact that the cost of funds is decreasing more rapidly than the yield on earning assets contributes to the higher net interest margin in 1992.

- continued

Net Interest Income, continued

Average total loans increased from $210.0 million at quarter end 1991 to $248.4 million at quarter end 1992. Total earning assets increased to $328.4 million from $282.0 million at quarter end 1991, or 16.5%.

Average interest bearing deposits for the same periods increased to $283.3 million, versus $241.4 million for 1991. Total interest bearing liabilities increased to $285.3 million from $243.9 million in 1991.

The increase of $.8 million in net interest income in the first quarter of 1992, as compared to the first quarter 1991, was due to an increase in interest income of $.7 million, and a decrease in interest expense of $.1 million.

The increase in the average balance of earning assets increased interest income by $1.4 million, while a decline in interest rates decreased interest income by $.7 million, for a net increase of $.7 million.

The increase in the average balances of interest bearing liabilities increased interest expense by $.5 million, and a decrease in interest rates reduced interest expense by $.6 million, for a net decrease of $.1 million.

Average noninterest-bearing deposits increased from $33.7 million at quarter end 1991 to $41.7 million at quarter end 1992. An increase in the average balance and number of business checking accounts is the reason for the majority of this increase.

Non-Interest Income and Expense

Noninterest income for the quarter ended March 31, 1992 was $.9 million as compared to $.6 million for 1991. Service charges increased 17.9% to $329,000 from $279,000 in the first quarter of 1991. Other Income increased 74.3% to $528,000 from $303,000 a year earlier. The large increase is due to fee income from the IFS Department, which opened in March 1991, and an increase in broker loan fees to $260,000 from $105,000 in the first quarter 1991.

Trust department income increased $17,431 in the first quarter of 1992, or 41.2%. The market value of trust assets managed at quarter end 1992 was $38.0 million, compared to $34.0 million at quarter end 1991.

Noninterest expense increased $291,000, or 12.4% in the first quarter of 1992 when compared to the first quarter of 1991. Salaries and Benefits increased to $1.5 million from $1.4 million in 1991. As a percent of average assets, personnel costs for 1992 were 1.71%, and 1.84% in 1991. Occupancy expense increased $35,000 over the same period last year, or 10.9%. Other Expense increased 14.4% to $738,000.

Loans

Total loans increased by $37.8 million from March 31, 1991 to March 31, 1992, or 18.0%.

Non-Performing Assets

Non-performing assets and problem loans are summarized as follows:

March 31,	1992	1991
	(In thousands)	
Non-accruing loans	$ 1,866	$ 1,448
Restructured loans	-0-	-0-
Other real estate owned	165	128
Total non-performing assets	$ 2,031	$ 1,576

It is the bank's practice to discontinue accruing interest on loans that are delinquent in excess of 90 days. Some problem loans which are less than 90 days delinquent are also placed into non-accrual status if the success of collecting full principal and interest is in doubt.

Restructured loans are those loans that had problems in the past, and are being monitored for performance.

The dollar amount of non-performing loans peaked during the third quarter of 1991 and then turned downward. These loans are well-secured and in the process of liquidation.

There are loans in the portfolio which are currently performing, but which may deteriorate to a non-accrual, past due, or restructured status in the future. Management developed a detailed review process several years ago to focus on early identification of problem loans. In 1991, management intensified that process by using more conservative standards. These loans are not only monitored, they have been carefully considered by management in assessing the adequacy of the allowance for loan losses.

Credit Concentrations

There is some concentration of credits in the real estate construction and land development industry. These loans totaled $42.5 million at March 31, 1991, or 20.2% of total loans, and $52.2 million, or 21.0% of total loans at March 31, 1992.

At March 31, 1992 and 1991, the Corporation had no foreign loans or loans related to highly leveraged transactions.

Allowance for Possible Loan Losses

For the quarter ended March 31, 1992, the allowance for possible loan losses increased to $4.0 million, or 1.60% of loans from $3.3 million, or 1.55% of loans at March 31, 1991. Non-accruing, restructured, and 90 days past due loans represented .81% and .71% of total loans for the same respective periods.

Management closely monitors the adequacy of the loan loss reserve on both a macro and micro basis. Analysis is performed six times per year; quarterly on a macro basis, and semi-annually on a micro basis.

In determining the adequacy of the allowance, management considered numerous factors, including the continuing level of non-performing loans, credit concentrations, and uncertain economic conditions. To date, the economy in the Pacific Northwest has been somewhat better off in the current nationwide recession, but a worsening of the economy in Frontier's market area could negatively affect loan performance and underlying collateral values. The full impact of a prolonged recession on the condition of the Corporation cannot be estimated.

Liquidity and Interest Rate Sensitivity

The primary function of asset/liability management is to ensure adequate liquidity and maintain an appropriate balance between interest sensitive earning assets and interest bearing liabilities. Liquidity management involves the ability to meet the cash flow requirements of customers who may be either depositors wanting to withdraw funds, or depositors who have credit needs.

- continued

In addition to overnight Federal Funds sold to other banks, the marketable investment securities, particularly those of shorter maturities, are an additional source of liquidity. As of quarter end, 6.5% of the investment portfolio will mature within one year. This is an increase from first quarter end 1991 of 4.1%. Securities with maturities from one to five years comprised 35.5%, up from 33.2% in the comparable period in 1991. Liquidity can also be accomplished by the acquisition of deposits. The liquidity ratio of the bank at quarter end 1992 was 35.3%, compared to the same period in 1991 of 33.4% as measured by regulatory standards.

Interest rate sensitivity is closely related to liquidity because each is directly affected by the maturity, or repricing, of assets and liabilities. Management considers any asset or liability which matures, or is subject to repricing, within one year to be interest sensitive, although continual monitoring is also performed for other time intervals. The difference between interest sensitive assets and liabilities for a defined period of time is known as the interest sensitive "gap", and may be either positive or negative. If positive, more assets reprice before liabilities. If negative, the reverse is true. The Corporation's rate sensitive position, as measured by traditional "gap" methods, at quarter end 1992 was +1.15, and -.99 at quarter end 1991.

Capital

Consolidated capital of the Corporation at first quarter end 1992 was $25.5 million. This amount compares to $20.6 million at March 31, 1991, or an increase of 23.8%. Almost all of the increase in capital came from retained earnings. The average capital to asset ratio at quarter end 1992 was 7.03%, and 6.74% at quarter end 1991.

Banking regulators have adopted new regulations that require bank holding companies to maintain a minimum leverage ratio of core capital (which excludes the allowance for possible loan losses and intangible assets) to total assets of at least 4 percent. At March 31, 1991 and March 31, 1992, the Corporation's leverage ratio was 6.57% and 6.30%, respectively.

In addition to the leverage requirements, the banking regulators have adopted risk-based capital guidelines, under which risk percentages are assigned to various categories of assets and off-balance sheet items to calculate a risk-adjusted capital ratio. The new rules require, by year-end 1992, Tier I capital of 4 percent of risk-adjusted assets and combined Tier I and Tier II capital of 8 percent. Tier I capital generally consists of common stockholders' equity, less goodwill, while Tier II capital includes the allowance for loan losses, subject to limitations. Based on the rules that will be in effect at year-end 1992, the Corporation's Tier I and combined Tier II capital ratios were 8.81% and 10.26% at March 31, 1991, and 9.04% and 10.48% at March 31, 1992.

Capital, continued

Management constantly monitors the level of capital of the Corporation, and believes that capital is adequate to meet present needs. As an ongoing process management considers, among other things, the present and anticipated needs of the Corporation, current market conditions, and other relevant factors, including regulatory requirements which may necessitate changes in the level of capital.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

No material legal proceedings.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to the shareholders during the first quarter.

Item 6. Exhibits and Reports on Form 8-K

(a)(11) Computation of earnings per share is attached as Exhibit I.

(b) No reports on Form 8-K have been filed for three months ended March 31, 1992.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FRONTIER FINANCIAL CORPORATION

Date: 5-14-92

James F. Felicetty,
Secretary/Treasurer

EXHIBIT I

FRONTIER FINANCIAL CORPORATION
COMPUTATION OF EARNINGS PER SHARE

	For Three Months Ended March 31,	
	1992	1991
Net Income	$1,397,875	$1,088,524
Computation of average shares outstanding		
Shares outstanding at beginning of year	945,826	855,223
Additional shares deemed outstanding because of stock dividends	94,957	85,522
Shares issued during the year times average time outstanding during the year	125	
Average shares outstanding	1,040,908	940,745
Primary earnings per share	$ 1.34	$ 1.16

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 31, 1992

Commission File No. 0-10286

General Energy Resources and Technology Corporation
(Exact name of registrant as specified in its charter)

Michigan (State or other jurisdiction of incorporation or organization)	38-2266968 (I.R.S. Employer Identification No.)

856 E. Eighth Street

Traverse City, Michigan 49684

Registrant's telephone number, including area code (616) 946-1473

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for a shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ____ No X .

Applicable only to Corporate Issuers:

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Common Stock, Par Value $.10 - 8,282,997 shares, as of March 31, 1992.

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GENERAL ENERGY RESOURCES AND TECHNOLOGY CORPORATION

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PART I - FINANCIAL INFORMATION

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Item 2

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PART II - OTHER INFORMATION
(None)

Signatures (10)

PART I. FINANCIAL STATEMENTS

GENERAL ENERGY RESOURCES AND TECHNOLOGY CORPORATION

Balance Sheets

Item I

	March 31, 1992 Unaudited	December 31, 1991
ASSETS		
Current Assets:		
Cash	$ 15,660	98,009
Accounts receivable trade, less allowance for doubtful accounts of $8,698	36,566	28,307
Note receivable - American Barter	336,865	340,690
Prepaid expenses	1,327	1,689
Total current assets	390,418	468,695
Property and equipment at cost:		
Proved oil and gas properties, successful efforts method of accounting	4,551,210	4,668,091
Unproved leasehold and minerals	88,044	88,044
Drilling contracts in progress	41,384	32,621
Total property and equipment	4,680,638	4,788,756
Less accumulated depreciation, depletion, amortization, and valuation allowance	3,198,752	3,282,058
Net property and equipment	1,481,886	1,506,698
Other Assets		
Investments net of allowance for unrealized loss of $185,000	105,000	105,000
	$ 1,977,304	2,080,393

See accompanying notes to financial statements.

GENERAL ENERGY RESOURCES AND TECHNOLOGY CORPORATION

Balance Sheets, Continued

	March 31, 1992 Unaudited	December 31, 1991
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current installments of long-term debt	$ 48,000	48,000
Accounts payable-trade	197,969	242,284
Accrued expenses	3,157	-0-
Note payable - Huntington Bank	348,000	348,000
Stock purchase overpayments	25,603	25,603
Total current liabilities	622,729	663,887
Long-term debt	962,085	969,994
Stockholders' equity		
Common stock of $.10 par value, 18,000,000 shares authorized, 8,282,997 shares issued and outstanding	828,300	828,300
Additional paid-in capital	7,217,484	7,217,484
Deficit	<7,651,169>	<7,597,147>
Less treasury stock: 20,000 shares	<2,125>	<2,125>
Total stockholders' equity	392,490	446,512
	$ 1,977,304	2,080,393

See accompanying notes to financial statements.

GENERAL ENERGY RESOURCES AND TECHNOLOGY CORPORATION

STATEMENTS OF OPERATIONS

Three Months Ended
March 31
Unaudited

	1992	1991
Revenues:		
Oil and gas sales:		
Working interest	$ 60,014	78,356
Royalty interest	23,633	28,077
Repromotional income	6,175	23,190
Turnkey working interest income	10,030	-0-
Misc income	105	6
Total revenues	99,957	129,629
Costs and expenses:		
Lease and operating expenses	30,462	33,219
Taxes other than on income	4,844	5,918
Dry holes and abandonments	28,120	8,857
Lease rentals	1,302	690
Depreciation, depletion and amortization	12,467	11,766
General and administrative	67,735	79,213
Interest expense, net of capitalized interest	9,049	3,814
Total expenses	153,979	143,477
Net income <loss>	$ <54,022>	<13,848>
Net income <loss> per weighted average share of common stock	$ <.007>	<.002>
Weighted average number of shares outstanding	8,282,997	8,282,997

See accompanying notes to financial statements.

GENERAL ENERGY RESOURCES AND TECHNOLOGY CORPORATION

STATEMENT OF CASH FLOWS

Three Months Ended
March 31
Unaudited

	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income <loss>	$ <54,022>	$ <13,848>
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation, depletion and amortization	12,467	11,766
Abandonments, expired and surrendered leases	21,108	9,415
<Increase> decrease in current assets:		
Trade accounts receivable	<8,259>	41,202
Prepaid expenses	362	324
Increase <Decrease> in current liabilities:		
Trade accounts payable	<44,315>	<26,324>
Taxes other than income and other accrued expenses	3,157	<2,376>
NET CASH FROM OPERATING ACTIVITIES	<69,502>	20,159
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	<8,763>	<21,960>
Proceeds from sale of property and equipment	-0-	37,500
Collections on note receivable	3,825	-0-
NET CASH FROM INVESTING ACTIVITIES	<4,938>	15,540
CASH FLOWS FROM FINANCING ACTIVITIES		
Reduction of long-term debt	<7,909>	<41,508>
NET CASH FROM FINANCING ACTIVITIES	<7,909>	<41,508>
NET INCREASE <DECREASE> IN CASH	<82,349>	<5,809>
CASH AT BEGINNING OF PERIOD	98,009	45,041
CASH AT END OF PERIOD	$ 15,660	39,232

NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

Property and Equipment

The Company utilizes the successful efforts method of accounting for its oil and gas exploration and development program. Under this method of accounting, costs of drilling and completing successful wells are capitalized, while costs of dry holes are charged to expense when incurred. Depletion and amortization of producing leasehold and mineral interests and related intangible development costs are provided by the unit-of-production method based on estimates of recoverable oil and gas reserves prepared by independent petroleum engineers. Lease and well equipment is depreciated over its estimated useful life (seven years) by the straight-line method.

Costs of nonproducing leasehold and mineral interests are not amortized but are charged to operations when such properties are abandoned, surrendered, determined to be worthless or transferred to producing properties and depleted when successfully developed.

Maintenance and repairs are charged to expense when incurred. Renewals and betterments are capitalized. When assets are sold, retired or otherwise disposed of, applicable costs and accumulated depreciation and depletion are removed from the accounts and the resulting gain or loss is recognized.

Interest Capitalization

Interest costs applicable to the drilling and equipment of in-progress and shut-in oil and gas wells are capitalized until such time as the wells begin producing.

Earnings Per Share

Earnings per share is based on the weighted average number of shares outstanding. Common stock equivalents (stock options and warrants) were antidilutive in 1989 and 1988 and are excluded from the computation.

(2) Long-Term Debt

In August 1984, the Company entered into a $2,000,000 48-month term loan agreement with Ameritrust Bank secured by substantially all of the proved development reserves of the Company to replace the revolving credit agreement with its previous lender. Terms of the agreement were amended on March 17, 1987. The principal balance was paid off during 1991.

On June 1, 1990, the Company signed a $292,814 promissory note with Mosbacher Energy Company (MEC) for the amount owed MEC by General Energy corporation for well operations as of May 7, 1990. The note is secured by the Company's interest in eleven producing properties operated by MEC and bears interest at 7 1/4 percent per annum.

Additional terms of the agreement call for monthly payments of the lesser of $20,000 or the months production to MEC and Ameritrust disbursed as follows; $10,000 to MEC from which current operating costs and accrued interest will be deducted before application against the note balance and a monthly payment of $10,000 plus accrued interest to Ameritrust. At the time Ameritrust debt was paid in full, the monthly payments to MEC increased to a maximum of $20,000.

The Company has recorded approximately $873,500 of long-term debt on the Tulare Lakes field. This represents the Company's 25% share of the outstanding debt on the fields. The debt is to be paid from production and no five year maturity can be reasonably estimated. This is a non recourse debt. General Energy is not a party to the purchase contract between Chevron and Penteco and American Barter. General Energy's working interest was received by the Company for loaning $350,000 to American Barter and Penteco for further development of the Tulare Lake facility.

Interest costs of $369 incurred during the year ended December 31, 1991 applicable to the drilling and equipping of in-progress and shut-in oil and gas wells has been capitalized.

(3) Interim Statements

The Company believes that the accompanying unaudited financial statements contain all adjustments (including appropriate estimated provision for depreciation, depletion and amortization, normally determined at year end, as well as normal recurring accruals) necessary to present fairly the financial position as of March 31, 1992 and year ended December 31, 1991, and the results of operations for the three months ended March 31, 1992 and 1991.

The results of operations for the three month periods ended March 31, 1992 and 1991 are not necessarily indicative of the results to be expected for the full year.

(4) Contingencies

The prices of the Company's natural gas production are subject to the regulations of the Federal Energy Regulatory Commission (FERC). The Company believes it has substantially complied with regulations as issued.

Item 2 Management's Discussion and Analysis of Financial Conditions and Results of Operations

Results of Operations

The Company's total earned revenues during the first quarter of $99,957 are reduced 23% from the $129,629 reported during the first quarter of last year. This reduction reflects reduced production from the Company's oil and gas properties. At the same time, the Company's total costs and expenses during the first quarter of $153,979 increased 7% from the $143,477 reported during the previous comparable period. The increase in total costs and expenses is attributed to an increase in dry holes and abandonments and interest expense. As a result, the Company reports a loss of <$54,022> for the first quarter of 1992 compared to a loss of <$13,848> for the first quarter of 1991.

Liquidity/Capital Resources

Working capital decreased $37,119 from December 31, 1991 to March 31, 1992. While working capital continues at a deficit balance of <$232,311> at March 31, 1992, management deems it sufficient to pay current operating liabilities and to amortize the current portion of long-term debt, given its recent success in increasing its reserve position with successful oil and gas discoveries and participation in a California production purchase.

GENERAL ENERGY RESOURCES AND TECHNOLOGY CORPORATION

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GENERAL ENERGY RESOURCES AND TECHNOLOGY CORPORATION

Date: 05/14/92

Signature:

H. Terry Snowday, Jr.
President and Director
(Principal Executive Officer)

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For The Quarter Ended March 31, 1992
Commission File Number 2-88980

NATIONAL TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

Delaware	75-1916679
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2848 Reward Lane, P.O. Box 542825, Dallas, Texas	75354
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (214) 357-3921
Securities registered pursuant to Section 12(b) of the Act: None
Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes____ No_X_

The number of shares outstanding of each class of the registrant's common stock was: Common Stock, par value $0.01 per share, 27,841,060 shares.

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NATIONAL TECHNOLOGIES, INC.
Form 10-Q for the Quarter Ended
March 31, 1992

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PART I - FINANCIAL INFORMATION

Item 1 Financial Statements
Balance Sheets as of March 31, 1992 and December 31, 1991.

Statements of Operations for the three month period ended March 31, 1992.

Statements of Cash Flows for the three month period ended March 31, 1992.

Notes to Financial Statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

PART II - OTHER INFORMATION

Signatures

PART I - FINANCIAL INFORMATION

NATIONAL TECHNOLOGIES, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	Mar. 31, 1992	Dec. 31, 1991
ASSETS		
CURRENT ASSETS:		
Cash	3799	8418
Trade Accounts Receivable, less allowance for doubtful accounts of $39974 and $39974	245208	243776
Inventory	580767	583595
Total Current Assets	829774	835789
PROPERTY AND EQUIPMENT	123870	123870
Allowance for Depreciation	-107406	-101439
Property and Equipment - Net	16464	22431
GOODWILL AND OTHER ASSETS	879218	885173
TOTAL	1725456	1743393
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY IN ASSETS)		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	195984	216374
Current portion of long-term debt	187098	187098
Notes Payable - Bank	25455	26289
Total Current Liabilities	408537	429761
LONG-TERM-DEBT, less current portion	847832	885505
RESERVE FOR DISCONTINUED OPERATIONS	658000	658000
COMMITMENTS AND CONTINGENT LIABILITIES		
STOCKHOLDERS' EQUITY (DEFICIENCY IN ASSETS):		
Common Stock, par value $0.01 per share; 40,000,000 shares authorized, 27,841,060 shares issued and outstanding	278411	278411
Additional Paid-in Capital	321400	321400
Retained Earnings -Deficit	-788724	-829684
Total Deficiency in Assets	-188913	-229873
TOTAL	1725456	1743393

See Notes to Condensed Consolidated Financial Statements.

NATIONAL TECHNOLOGIES, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Three Months	
	1992	1991
SALES	496930	499546
COST OF SALES	276826	303931
GROSS PROFIT	220104	195615
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	150623	144856
OPERATING INCOME	69481	50759
INTEREST EXPENSE	28521	28521
INCOME BEFORE INCOME TAXES	40960	22238
PROVISION FOR CURRENT INCOME TAXES	12000	6700
INCOME BEFORE EXTRAORDINARY ITEMS	28960	15538
EXTRAORDINARY ITEM - TAX BENEFIT OF LOSS CARRYFORWARD	12000	6700
NET INCOME	40960	22238
PER SHARE OF COMMON STOCK:		
Average Shares	27841060	27481060
Income Before Extraordinary Item	0.001	0.001
Extraordinary Item	0.000	0.000
Net Income	0.001	0.001

See Notes to Condensed Consolidated Financial Statements.

NATIONAL TECHNOLOGIES, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months	
	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	40960	22238
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	11922	11922
Changes in Assets & Liabilities:		
Accounts Receivable	-1432	14158
Inventory	2828	-13973
Other Assets	20	
Accounts Payable and Accrued Expenses	-20390	14549
Net Cash Provided by Operating Activities	33908	48894
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Equipment	0	-149
Net Cash Provided by -Used in Investing Activities	0	-149
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of Long-Term Debt and Notes Payable	-38527	-36069
Net Cash -Used in Financing Activities	-38527	-36069
NET INCREASE -DECREASE IN CASH	-4619	12676
CASH AT BEGINNING OF YEAR	8418	5241
CASH AT END OF YEAR	3799	17917

See Notes to Consolidated Financial Statements.

NATIONAL TECHNOLOGIES, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
MARCH 31, 1992

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-1 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months period ended March 31, 1992, are not necessarily indicative of the results that may be expected for the year ended December 31, 1992.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION

National Technologies, Inc. (NTI) is engaged as a supplier of precision fasteners and electronic hardware through its subsidiary, National Precision Products Company (NPPC).

National Precision substantially restructured all of its liabilities in 1989 with a reorganization under Chapter 11 of the Federal Bankruptcy Code.

LIQUIDITY AND CAPITAL RESOURCES

The Company currently has no unused lines of credit or any other source of funds other than internally generated cash flow from operations.

All working capital needed for operations as well as for principal and interest payments under National Precision's Plan of Reorganization must come from internally generated cash flow from operations. While this source of cash flow has been adequate to meet debt service requirements to date there is no assurance that it will be adequate in the future.

It is highly unlikely that the Company will be able to achieve any substantial increases in revenues unless an alternate source of funds for working capital is obtained.

RESULTS OF OPERATIONS

Approximately 30% of the Company's revenues are the result of purchases by Government Defense Contractors and their subcontractors. No significant amount of revenues are the result of direct purchases by Government Defense Agencies.

The Company's marketing efforts during the last several years have been directed at non-defense related customers and as a result its dependence on revenues from Government Defense Contractors has decreased from approximately 50% to approximately 30%. Nevertheless, a significant decrease in defense spending, if not replaced by a corresponding improvement in the non-defense sector, could increase competition for non-defense revenues and could also have a material adverse effect on the Company's financial condition, liquidity, capital resources, sales and net income.

Because of the uncertainty regarding the changes in defense spending, reported financial information may not be indicative of the Company's future operating results or financial condition.

Three Months Ended March 31, 1992

The Company was able to achieve a 12.5% increase in gross profits in 1992 on sales of approximately the same amount as 1991. The increase in gross profits was the result of selective price increases on small quantity orders.

The 12.5% increase in gross profits resulted in an 84% increase in net income because operating expenses only increased 4.0%.

PART II - OTHER INFORMATION

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NATIONAL TECHNOLOGIES, INC.

James R. Richards

James R. Richards, President
Principal Executive Officer

May 15, 1992

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FORM 10Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

QUARTERLY REPORT UNDER SECTION 14 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended February 29, 1992

Commission File
Number 0-13187

NOVACON CORPORATION
(exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

13-3074570
(I.R.S. Employer
Identification No.)

Suite 11, 2514 7th Avenue E., St. Paul, MN 55109
(Address of Principal Executive Offices and Zip Code)

Registrant's telephone number, including area code:
(612) 777-1038

Number of shares of $.01 par value Common Stock outstanding as of February 1, 1992 was 8,567,400.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days

Yes X No ____

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NOVACON CORPORATION
CONSOLIDATED BALANCE SHEET

	February 29, 1992 (Unaudited)	May 31, 1991 (10-K)
Current Assets:		
Cash	(486)	17,861
Accounts & notes receivable net of $44,000 allowance	75,221	30,776
Receivable from joint venture	75,129	145,129
Inventory:		
Raw materials	0	0
Work in process	0	0
Finished goods	32,044	61,069
Prepaid expenses	5,000	0
Total Current Assets	186,908	254,835
Equipment and fixtures:		
Equipment	34,415	34,415
Furniture and fixtures	145,730	145,730
Less allowances for depreciation and amortization	(163,238)	(163,238)
Total Equipment and fixtures:	16,907	16,907
TOTAL ASSETS:	203,815	271,742
Liabilities and Stockholders' Equity (Deficiency)		
Current liabilities:		
Notes payable	233,380	238,380
Accounts payable and accrued liabilities	621,460	634,038
Employee compensation & taxes	28,404	29,422
Accrued warranty costs	42,055	42,055
Total Current Liabilities	925,299	943,895
Stockholders' equity (deficiency):		
Common shares, par value $.01; authorized 15,000,000 shares; issued 8,567,400 as of February 29, 1992; issued 8,567,400 as of May 31, 1991	85,399	85,399
Additional paid in capital	8,447,399	8,445,127
	8,532,798	8,530,526
Deficit	(9,174,552)	(9,122,949)
	(641,754)	(592,423)
Less 15,000 shares of treasury stock at cost	(79,730)	(79,730)
	(721,484)	(672,153)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)	203,815	271,742

NOVACON CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
(Unaudited)

	Nine Months Ended February 28	
	1992	1991
Cash used for operations:		
Net income (loss)	(51,603)	145,009
Charges not requiring current cash outlay:		
Depreciation and amortization		64,309
Cash (used for) provided by current assets and liabilities:		
Accounts and notes receivable	35,304	(60,709)
Inventory	19,272	52,118
Prepaid expenses and deposits	(5,000)	0
Accts payable & accrued liabilities	(18,595)	(17,924)
Employee compensation & taxes	2,275	(187,987)
Total cash used for operations	(18,347)	(5,184)
Cash provided by (used for) financing activities:		
Repayment of bank borrowings	0	0
Other borrowings, including officers, directors, & stockholders (net)	0	0
Repayment of other borrowings, including officer, directors and stockholders (net)	0	0
Proceeds from issuance of common stock	0	0
Exercise of options	0	0
Services rendered in exchange for common stock	0	0
Cash used for investment activities:		
Additions to equipment & fixtures, net of disposals	0	0
Decrease in cash	(18,347)	(5,184)
Cash, beginning of period	17,861	5,755
Cash, end of period	(486)	571

NOVACON CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

	Three Months Ended February 28		Nine Months Ended February 28	
	1992	1991	1992	1991
Net Sales	$ 19,500	$ 26,750	$ 42,025	$ 144,655
Costs and Expenses:				
Cost of products sold	14,095	45,540	29,866	133,419
Research & Development	0	0	0	0
Sales & Marketing	0	0	0	0
General & Admin	39,035	40,283	90,012	122,110
Interest, other net	(8,750)	(8,750)	(26,250)	(255,883)
Total Costs/Expenses	44,380	77,073	93,628	(354)
Net Income (Loss)	(24,880)	(50,323)	(51,603)	145,009
Net Income (Loss) per share (1)	(.00)	(.01)	(.01)	.02
Shares used in Computation	8,567,400	8,567,400	8,567,400	8,567,400

(1) per share calculations are less than $.01

NOVACON CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note A - Basis of Presentation

The accompanying unaudited financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair statement of results for the interim periods presented. The statements have been prepared in accordance with the instruction to Form 10Q and do not include all of the footnotes required by generally accepted accounting principles for complete financial statements. Accordingly, the statements should be read in conjunction with the summary of accounting policies and notes to the financial statements for the year ended May 31, 1991, included in the Company's Annual Report on Form 10-K. The operating results for the periods ended February 29, 1992 and February 28, 1991, are not necessarily indicative of the results that may be expected for the full year.

Note B - Net Income per Share

The net income per share is computed by dividing the net income by the weighted average number of shares outstanding during the periods. Common share equivalents outstanding during the period were not included because they were anti-dilutive.

Note C - Financial Condition

As a result of the $248,771 net income for Fiscal Year 1991 and the $51,603 net loss for the nine month period ended February 29, 1992, the Company had a working capital deficit of $641,754 and a stockholders' deficiency of $721,484. Quarterly sales during the period declined 27% over the same period of last year.

Note D - Contingencies

The Company is self-insured for product liability risks incurred subsequent to March 1, 1986. The Company has not had any product liability claims since its inception.

There are several claims pending against the Company relating to certain notes and trade accounts payable which, in the aggregate, the Company believes could be material. Due to the Company's financial condition, additional claims may be threatened or instituted against the Company to collect notes and trade accounts payable by the Comapny.

Item 2.

Management's Discussion and Analysis of Financial Condition and Results of Operations.

RESULTS OF OPERATIONS - NET

Net sales for the three months and nine months ended February 29, 1992 decreased by $7,250 and $102,630 respectively from the corresponding periods of the previous year. This decrease is due to the nearly complete sell-off of the Company's remaining product inventory.

The net loss of $24,880 for the three months ended February 29, 1992 compares to a net loss of $50,323 for the same period last year. For the nine month period ended February 29, 1992, the net loss was $51,603 compared to a net income of $145,009 reported during the same period last year.

RESULTS OF OPERATIONS - COSTS AND EXPENSES

Costs and expenses for the three month and nine month period ended February 29, 1992, as compared to the same period last year, decreased $32,693 and increased $93,982, respectively.

For the three month period ended February 29, 1992, costs of goods sold amounted to $14,095 or 72% of sales. For the nine month period ended February 29, 1992, costs of goods sold was $29,866 or 71% of sales, reflecting discount pricing and diminishing margins. Actual changes in expenses, and expenses as a percentage of sales during the same three months and nine months ended February 29, 1992 and 1991, are as follows:

	Three Months (ended Feb 29)		Nine Months (ended Feb 29)	
	1992	1991	1992	1991
Research and Development	0 0%	0 0%	0 0%	0 0%
Sales and Marketing	0 0%	0 0%	0 0%	0 0
General and Administrative	39,035 200%	40,283 [illegible]	90,012 214%	122,110 84

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash position did not materially improve during Fiscal Year 1991. At May 31, 1991, the Company had a working capital deficit of $672,153. At February 29, 1992, the Company had a working capital deficit of $641,754.

Part 2. Item 1.

LEGAL PROCEEDINGS

During the quarter ended February 29, 1992, the Company received numerous claims and several judgments relating to the substantial trade accounts payable to the Company's many vendors.

Signature

Pursuant to the requirements of the Securities Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: March 11, 1992

NOVACON CORPORATION

David P. Lang
Chairman of the Board
and President

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Q-35455

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C., 20549

MAY 1 - 1992

FORM 10-Q

Q92-2249

[X] Quarterly Report Pursuant to Section 13 or 15 (d)
of the Securities Exchange Act of 1934

For the quarterly period ended: **March 31, 1992**

or

[ ] Transition Report Pursuant to Section 13 or 15 (d)
of the Securities Exchange Act of 1934

For the transition period from________________to________________

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Commission file number: 0-11671

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POCAHONTAS BANKSHARES CORPORATION
(Exact name of registrant as specified in its charter)

West Virginia	55-0628089
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
500 Federal Street, Bluefield, WV	24701
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (304) 325-8181

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes__X__ No_____

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

$2.50 Par Value - Common Stock - 500,000 shares

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POCAHONTAS BANKSHARES CORPORATION
AND SUBSIDIARIES

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The total number of pages of the Form 10-Q Quarterly Report is seven (7) pages.

POCAHONTAS BANKSHARES CORPORATION
AND SUBSIDIARIES

PART I. FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(Unaudited)

March 31, 1992 and December 31, 1991

	March 31,	December 31,
	(Dollars in Thousands)	
ASSETS	1992	1991
Cash and Due from Banks	$ 7,533	$ 8,328
Investment Securities:		
(Market Value approximated $66,132 at March 31, 1992 and $69,238 at December 31, 1991)		
U.S. Treasury	27,507	26,624
U.S. Government Agencies and Corporations	26,410	29,080
States and Political Subdivisions	5,039	5,302
Other Securities	5,654	5,825
Federal Reserve Bank Stock	98	98
Total	64,708	66,929
Federal Funds Sold	6,710	14,455
Loans (Excluding Unearned Interest)	147,129	140,838
Less Allowance for Losses	1,305	1,228
Net Loans	145,824	139,610
Bank Premises and Equipment	3,679	3,639
Real Estate Owned other than Bank Premises	3,334	3,377
Other Assets	3,506	3,219
Goodwill	361	365
TOTAL ASSETS	$235,655	$ 239,972
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Non-Interest Bearing	$ 22,835	$ 26,878
Interest Bearing	179,751	177,620
Total Deposits	202,586	204,498
Federal Funds Purchased and Securities Sold Under Agreements to Repurchase	8,148	9,763
Demand Notes to U. S. Treasury and Other Liabilities for Borrowed Money	990	1,776
Long-Term Debt	3,400	3,400
Other Liabilities	1,546	1,626
TOTAL LIABILITIES	216,670	221,063
STOCKHOLDERS' EQUITY		
Common Stock – Par Value Per Share $2.50		
Shares Authorized: 2,000,000		
Shares Issued: 500,000 Shares Outstanding: 500,000	1,250	1,250
Paid-In Capital	2,035	2,035
Retained Earnings	16,049	15,803
LESS: Net unrealized loss on marketable equity securities	(349)	(179)
TOTAL STOCKHOLDERS' EQUITY	18,985	18,909
Commitments	--	--
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$235,655	$ 239,972

POCAHONTAS BANKSHARES CORPORATION

AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Three Months Ended March 31 (Dollars in Thousands Except Per Share Data)	
	1992	1991
INTEREST INCOME		
Interest and Fees on Loans	$ 3,110	$ 3,280
Interest and Dividends from Investment Securities:		
U.S. Treasury and Agencies	1,082	983
States and Political Subdivisions	108	139
Dividends on Stock	102	118
Interest on Federal Funds Sold	59	224
TOTAL INTEREST INCOME	4,461	4,744
INTEREST EXPENSE		
Interest on Time Certificates of $100,000 or more	280	355
Interest on Other Deposits	1,888	2,271
Interest on Federal Funds Purchased and Securities Sold under Agreements to Repurchase	51	105
Interest on Demand Notes to U. S. Treasury	21	48
Interest on Long-Term Borrowings	57	34
TOTAL INTEREST EXPENSE	2,297	2,813
Net Interest Income	2,164	1,931
Provision for Loan Losses	163	37
Net Interest Income After Provision for Loan Losses	2,001	1,894
NON-INTEREST INCOME		
Income from Fiduciary Activities	150	150
Other Operating Income	200	166
Securities Gains	1	1
TOTAL NON-INTEREST INCOME	351	317
NON-INTEREST EXPENSE		
Salaries, Wages, and Other Employee Benefits	807	721
Furniture and Equipment Expense	202	192
Other Non-Interest Expense	782	675
TOTAL NON-INTEREST EXPENSE	1,791	1,588
Income Before Income Taxes	561	623
Provision for Federal Income Taxes	140	142
NET INCOME	$ 421	$ 481
EARNINGS PER COMMON SHARE	$ 0.84	$ 0.96

POCAHONTAS BANKSHARES CORPORATION
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,	
	(Dollars in Thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES	1992	1991
Net Income	$ 421	$ 481
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Provision for Loan Losses	163	37
Depreciation and Amortization	126	121
Securities Gains	(1)	(1)
Increase in Interest Receivable	(254)	(788)
Amortization (Accretion) of Bond Premium (Discount)	92	(42)
Increase in other assets	(25)	(88)
Increase (Decrease) in Interest Payable and Other Liabilities	(80)	108
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	442	(172)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Decrease (Increase) in Federal Funds Sold	7,745	11,115
Purchases of Investment Securities	(5,148)	(12,092)
Proceeds from Sales Investment Securities	1,258	502
Proceeds from Maturities of Investment Securities	5,842	2,123
Net Decrease (Increase) in Loans	(6,368)	1,590
Acquisition of Fixed Assets	(78)	(51)
NET CASH PROVIDED BY INVESTING ACTIVITIES	3,251	3,187
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Increase (Decrease) in Demand and Savings Deposits	1,956	(4,201)
Net Decrease in Time Deposits	(3,868)	(351)
Net Decrease in Short-Term Borrowings	(2,401)	(830)
Principal Repayments of Long-Term Debt	--	(525)
Cash Dividends Paid	(175)	(175)
NET CASH USED BY FINANCING ACTIVITIES	(4,488)	(6,082)
NET DECREASE IN CASH AND DUE FROM BANKS	(795)	(3,067)
CASH AND DUE FROM BANKS AT JANUARY 1,	8,328	8,909
CASH AND DUE FROM BANKS AT MARCH 31,	$ 7,533	$ 5,842

Supplemental disclosures or cash flow information:

Cash paid during the period for:		
Interest	$ 2,431	$ 2,874
Income taxes	$ 10	$ 29

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(Unaudited)

	Three Months Ended March 31,	
	(Dollars in Thousands)	
	1992	1991
BALANCE, JANUARY 1	$ 18,909	$ 18,086
Net Income	421	481
Cash Dividends Declared – $0.35 per share, 1992 and 1991	175	175
Unrealized Recovery (Loss) on Marketable Equity Security	(170)	18
BALANCE, MARCH 31,	$ 18,985	$ 18,410

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 1992

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principals for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Rule S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All such adjustments were of a normal recurring nature. Operating results are for the three-month period ended March 31, 1992, and are not necessarily indicative of the results that may be expected for the year ending December 31, 1992. For further information refer to the financial statements and footnotes thereto included as Exhibit 13 to Registrant's annual report on Form 10-K for the year ended December 31, 1991.

Note B - REGULATORY CAPITAL REQUIREMENTS

Regulators of the registrant and its subsidiaries have implemented risk-based capital guidelines which require the maintenance of certain minimum capital as a percent of assets and certain off-balance sheet items adjusted for predefined credit risk factors. These guidelines are to be fully implemented by December 31, 1992. As of December 31, 1992, the regulatory minimum for Tier 1 and combined Tier 1 and Tier 2 capital ratios will be 4.0% and 8.0% respectively. Tier 1 capital will include tangible common shareholders' equity reduced by goodwill and certain other intangibles. Tier 2 capital will include portions of the allowance for loan losses, not to exceed Tier 1 capital. In addition to the risk-based guidelines, a minimum leverage ratio (Tier 1 capital as a percentage of average total consolidated assets) of 3% is required. This minimum may be increased by at least 1% or 2% for entities with higher levels of risk or that are experiencing or anticipating significant growth. The following table contains the capital ratios for the registrant and each subsidiary under the 1992 guidelines.

Entity	Tier 1	Combined Capital (Tier 1 and Tier 2)	Leverage
Consolidated	11.37%	12.16%	7.87%
The First National Bank of Bluefield	11.38%	12.16%	8.22%
The Bank of Oceana	15.51%	16.41%	9.07%
First Century Bank	35.34%	36.13%	24.57%

POCAHONTAS BANKSHARES CORPORATION
AND SUBSIDIARIES

Management's Discussion and Analysis of Financial Condition and Results of Operations

During the first quarter of 1992 net income declined 12.5% from the $481,000 earned during the first quarter of 1991 to the $421,000 earned during the first three months of 1992. One of the primary reasons for this decrease was an increase in non-interest expense, principally relating to the Registrant's expansion into the Commonwealth of Virginia and the opening of two new offices. Also the provision for loan losses increased rather significantly when compared to the first quarter of 1991. The provision for loan losses increased $126,000. This nearly fourfold increase in the provision, offset a significant improvement in the net interest margin. The Corporation's net interest margin improved $233,000 or a little more than 12% when compared to the first quarter of 1991. However, the increase in the provision for loan losses negated much of this gain and the net credit margin increased modestly to a little more than $2 million, as compared to $1.9 million in 1991 or approximately 5.7%. Non-interest income increased $34,000 or 10.7% during the first quarter. Non-interest expense increase $203,000 or 12.8%, reflecting the opening of two additional offices during last three quarters of 1991. This increase resulted in the erosion of all of the improvement in the net credit margin, and resulted in a decline of $62,000 or 10% in income before income taxes. On a per share basis net income decreased $0.12 a share from $0.96 in 1991 to $0.84 in 1992 or a decrease of 12.5%.

Total assets at March 31, 1992 increased approximately $24.3 million or 11.5% from March 31, 1991. Total loans increased $21.2 million or 16.9% during the same period. Investment securities decreased $1.1 million or 1.6% during this period. Deposits increased $21.9 million or 12.2% from March 31, 1991 to March 31, 1992.

When compared to the fourth quarter of 1991 net income increased $338,000. This large increase was the result of increased loan write-offs during the fourth quarter of 1991. Total assets declined approximately $4.3 million or 1.8% from December 31, 1991 to March 31, 1992. During this same period total loans increased approximately $6.3 million or approximately 4.5%. Investment securities decreased $2.2 million or 3.3% during this period. Deposits decreased $1.9 million or a little less than 1%.

PART II. OTHER INFORMATION

Item 6 - Exhibits and Reports on Form 8-K.

(a.) None

(b.) None

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) Pocahontas Bankshares Corporation

By: Wm. E. Albert
William E. Albert, Treasurer/
Assistant Secretary and Chief Financial
Officer (Principal Accounting and
Financial Officer)

Date: May 13, 1992

[redacted]

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

82-4/19
92-2249

For Quarter ended January 31, 1992 Commission file number 2-94692

RADIX VENTURES, INC.
(Exact name of registrant as specified in its charter)

New York	13-2673894
(State or other jurisdiction of incorporation or organization)	(I.R.S.Employer Identification No.)
230 Park Avenue, New York, New York	10169
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (212) 697-9141

Inapplicable
(Former name, former address and former fiscal year, if changed from last report.)

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No___

Number of shares outstanding of the issuer's classes of Common Stock as of January 31, 1992.

Class	Number Outstanding
Common Stock, par value $.01	771,500

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RADIX VENTURES, INC. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements:

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Condensed Consolidated Statements of Income for the three and six month periods ended January 31, 1992 and 1991 (unaudited). 4

Condensed Consolidated Statements of Cash Flows for the six month periods ended January 31, 1992 and 1991 (unaudited). 5

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PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

RADIX VENTURES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	JANUARY 31 1992 (Unaudited)	JULY 31 1991
ASSETS		
CURRENT ASSETS:		
Cash	$ 3,445,164	$ 3,904,943
Accounts receivable, less allowance for doubtful accounts of $222,332 and $222,661	20,229,664	20,716,035
Income taxes receivable	148,142	-
Other current assets	290,493	282,819
TOTAL CURRENT ASSETS	24,113,463	24,903,797
Furniture, Equipment and Vehicles, less allowance for depreciation of $3,106,599 and $2,803,503	1,599,040	1,702,386
OTHER ASSETS:		
Intangibles	584,393	592,621
Deferred debt expense	106,765	124,078
Other	700,606	759,419
	$27,104,267	$28,082,301
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Duty, freight and other accounts payable	$20,614,253	$20,855,479
Accrued expenses and sundry liabilities	1,301,892	1,998,841
Income taxes payable	-	15,059
TOTAL CURRENT LIABILITIES	21,916,145	22,869,379
Long-Term Debt	2,403,100	2,413,000
STOCKHOLDERS' EQUITY		
Common stock, authorized 1,000,000; issued and outstanding 771,500 shares of $0.01 par value	7,715	7,715
Additional paid-in capital	941,622	941,622
Retained earnings	1,835,685	1,850,585
	2,785,022	2,799,922
	$27,104,267	$28,082,301

See accompanying notes to Condensed Consolidated Financial Statements.

RADIX VENTURES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	THREE MONTHS ENDED JANUARY 31		SIX MONTHS ENDED JANUARY 31	
	1992	1991	1992	1991
Gross billings.	$ 91,464,018	$ 83,007,282	$188,701,659	$185,275,077
Less duty, freight and other direct costs. .	84,547,574	75,890,715	174,568,233	170,918,663
Net fees and commissions.	6,916,444	7,116,567	14,133,426	14,356,414
Operating expenses. . . .	7,011,912	6,892,202	13,926,637	13,893,146
Operating income/(loss) .	(95,468)	224,365	206,789	463,268
Interest expense, net . .	(71,989)	(88,210)	(137,215)	(176,638)
Equity in loss of unconsolidated foreign subsidiary. . .	(31,670)	-	(60,749)	-
Income/(loss) before income taxes . .	(199,127)	136,155	8,825	286,630
Income tax charge/(credit)	(57,576)	54,463	23,725	114,652
	$ (141,551)	$ 81,692	$ (14,900)	$ 171,978
Net income/(loss) per share (based on 771,500 shares outstanding) . .	$(0.18)	$ 0.11	$(0.02)	$ 0.23

See accompanying notes to Condensed Consolidated Financial Statements

RADIX VENTURES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	SIX MONTHS ENDED JANUARY 31	
	1992	1991
OPERATING ACTIVITIES		
Net income/(loss)	$(14,900)	$ 171,978
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	354,156	345,440
Provision for losses on accounts receivable	15,048	156,014
Loss (gain) on sale of furniture, equipment and vehicles	664	(3,359)
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	471,323	4,468,254
Decrease (increase) in other current assets	(7,674)	(212,575)
Decrease (increase) in other non-current assets	58,813	(6,097)
Increase (decrease) in duty, freight, other accounts payable, accrued expenses and sundry liabilities	(938,175)	(9,189,845)
Change in income taxes payable/receivable	(163,201)	255,902
NET CASH USED IN OPERATING ACTIVITIES	(223,946)	(4,014,288)
INVESTING ACTIVITIES		
Purchase of furniture, equipment and vehicles	(226,863)	(531,951)
Proceeds from sales of furniture, equipment, and vehicles	930	4,850
Purchase of marketable securities	-	-
NET CASH USED IN INVESTING ACTIVITIES	(225,933)	(527,101)
FINANCING ACTIVITIES		
Proceeds from revolving line of credit	-	213,790
Principal payments on revolving line of credit and long-term debt	(9,900)	(9,000)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(9,900)	204,790
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(459,779)	(4,336,599)
Cash and cash equivalents at beginning of year	3,904,943	5,572,833
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$3,445,164	$1,236,234

See accompanying notes to Condensed Consolidated Financial Statements

RADIX VENTURES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The accompanying unaudited financial statements and notes thereto have been condensed and, therefore, do not contain all disclosures required by generally accepted accounting principles. For additional information, reference should be made to the Company's Financial Statement as at and for the year ended July 31, 1991 included on Form 10-K filed with the Securities and Exchange Commission on October 28, 1991.

The accompanying unaudited financial statements include all adjustments (consisting only of normal recurring accruals) which, in the opinion of the management, are necessary to present fairly the Company's financial position at January 31, 1992, the results of operations for the three and six month periods ended January 31, 1992 and 1991 and statement of cash flows for the six months ended January 31, 1992 and 1991. The unaudited results of operations are not necessarily indicative of the results to be expected for the full year.

ITEM II: MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

RESULTS OF OPERATIONS

Net fees and commissions were $6,916,444 for the quarter ended January 31, 1992, and $14,133,426 for the six months year-to-date, compared to $7,116,567 and $14,356,414, respectively, for the same periods the prior fiscal year. This represents a decrease in net fees and commissions of 2.8% for the quarter and 1.6% for the six months year-to-date compared to the same periods the prior year. The decrease resulted primarily from a reduction in the volume of transactions processed for the Company's existing import and export customers as a result of the current recession in the United States and many overseas markets. The reduction in volume from existing customers more than offset an increase in volume derived from new customers and an increase of 3.8% derived from new offices in Boston, MA, acquired in April, 1991, and in Richmond, VA, opened in September, 1991, and Charleston, SC, opened in October, 1991.

Gross billings, which include net fees and commissions plus duties, freight and other direct costs billed to customers and paid on their behalf, increased by 10.2% and 1.8%, respectively, compared to the same periods the prior year. The increase in gross billings resulted from a variation in the level of customs duties and certain freight costs billed to customers and paid on their behalf, and on which no commissions are earned.

Operating expenses were $7,011,912 for the quarter and $13,926,637 for the six months year-to-date, compared to $6,892,202 and $13,893,146 for the same periods the prior year, representing increases of 1.7% and 0.2%, respectively. The increases in operating expenses resulted from the additional operating expenses of the new offices noted above. Excluding the expenses relating to these new offices, operating expenses were reduced by 2.6% and 3.7%, respectively, for the quarter and six months year-to-date.

Net interest expense was $71,989 for the quarter and $137,215 for the six months year-to-date, compared to $88,210 and $176,638 for the same periods the prior year. The reduction in interest expense resulted from a decrease in borrowing required for working capital achieved through a decline in the average credit period extended to the Company's customers.

On August 2, 1991, the Company's operating subsidiary, Radix Group International, Inc. established a 50%-owned associated company in Australia in the name Radix Group International Pty. Ltd. The new entity experienced a net loss in the periods, resulting in a share of loss of associated subsidiary of $31,670 and $60,749, respectively, for the quarter and year-to-date periods ended January 31, 1992.

As a result of the above, the Company reported a loss before income taxes of $199,127 for the quarter and a profit of $8,825 for the six months year-to-date compared to a profit of $136,155 and $286,630 for the same periods the prior year.

The income tax credit for the quarter and charge for the six months year-to-date is based on the (loss)/income before the equity in loss of unconsolidated foreign subsidiary. As a result, the income tax charge for the six months year-to-date exceeds the income before income taxes. After income taxes, the Company reported a net loss of $141,551 or $0.18 per share for the quarter and $14,900 or $.02 per share for the six months year-to-date, compared to net income of $81,692 or $.11 per share and $171,978 or $.23 per share for the same periods the prior year.

LIQUIDITY AND CAPITAL RESOURCES

The Company's financial position at January 31, 1992 continued to be strong with working capital increasing to $2,197,318 from $2,034,418 at July 31, 1991 and the majority of the current assets comprising cash and accounts receivable.

The Company occasionally supplements its working capital by short-term borrowing to finance any excess of its accounts receivable over its accounts payable. Such borrowings are made under a $4,000,000 line of credit from a bank and fluctuate on a daily basis according to the Company's requirements. There was no outstanding borrowing under the line at either January 31, 1992 or July 31, 1991.

While working capital remains fairly constant, accounts receivable and accounts payable fluctuate significantly on a daily basis in line with the billing and disbursement of customs freight duty and costs. This fluctuation in accounts receivable and accounts payable tends to offset itself with any difference resulting in an increase or decrease in the Company's cash balances and/or short-term borrowing.

The Company's capital requirements as of January 31, 1992 consisted of purchases of computer equipment and software under a continuing program to expand and upgrade its computer systems, normal replacement of furniture, vehicles and other equipment and lease obligations for office space and telephone equipment. The Company's capital expenditure requirements should be met adequately by cash-on-hand.

IMPACT OF INFLATION

Inflation has tended to increase the Company's operating expenses, particularly salary and salary related expenses. However, in recent years the Company has been unable, in some instances, to pass such cost increases on to its customers by means of price increases due to competitive factors. Consequently, management has sought to mitigate the effect of inflation on the Company's business by increasing the efficiency of its operations.

Inasmuch as the Company is not required to purchase or maintain extensive fixed assets other than its computer systems and is not primarily reliant on substantial interest rate sensitive indebtedness, the Company's direct exposure to increased costs resulting from increases in interest rates is not severe.

PART II. OTHER INFORMATION

RADIX VENTURES, INC. AND SUBSIDIARIES

Item 6. Exhibits and Reports on Form 8-K

No reports on Form 8-K were filed for the period being reported.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RADIX VENTURES, INC.
Registrant

Dated: March 13, 1992

CHAIRMAN
Pierre L. Schoenheimer, Chairman

M. P. Sheppard
Matthew P. Sheppard, Vice President
& Treasurer

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

RECD S.E.C.
MAY 13 1992
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FORM 10-Q

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

S
92-2249

For the Quarterly Period Ended February 29, 1992 or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For The Transition Period From __________ To __________

PROCESSED BY
n/16:n
MAY 14 1992
Microfilmed by
Q-Data Corp. - St. Petersburg, FL

Commission File Number 33-25976-NY

Infotrax Communications, Inc.
(Exact name of Registrant as specified in its charter)

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DELAWARE
(State or other jurisdiction of incorporation or organization)

23-1696000
(I.R.S. Employee Identification Number)

1000 Crawford Place
Mt. Laurel, New Jersey 08054
(Address of principal executive offices)

(609) 234-3757
(Registrant's telephone number, including area code)

Indicate by (X) whether Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

(1) Yes _X_ No ___

(2) Yes _X_ No ___

Common Stock outstanding as of May 1, 1992: 2,666,667 shares of Common Stock, $.001 par value per share.

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Item 1. Financial Statements

INFOTRAX COMMUNICATIONS, INC. AND SUBSIDIARY COMPANIES
Formerly Fox Enterprises, Inc.
CONSOLIDATED BALANCE SHEETS

ASSETS

	February 29, 1992 (Unaudited)	August 31, 1991 (Audited)
Current assets:		
Cash	$ 245,360	$ 254,369
Restricted certificate of deposit	208,836	104,371
Accounts receivable net of allowance for charge backs of $184,444 and 168,209	726,906	1,609,392
Inventory	120,463	-
Prepaid expenses	157,640	11,824
Total current assets	1,459,205	1,979,956
Property assets less accumulated depreciation of $18,810 and $9,465	94,450	81,466
Deposits	12,173	4,883
Total assets	$1,565,828	$2,066,305

LIABILITIES AND SHAREHOLDERS' EQUITY

	February 29, 1992 (Unaudited)	August 31, 1991 (Audited)
Current liabilities:		
Notes payable - Bank	$ -	$ 190,000
Notes payable - related partnership	234,553	353,442
Notes payable - shareholders and individuals	64,500	36,469
Accounts payable and accrued expenses	837,525	948,250
Income taxes payable	-	132,207
Estimated lawsuit settlement	170,000	-
Total current liabilities	1,306,578	1,660,368
Shareholders' equity:		
Common stock, $.001 par value, 20,000,000 shares authorized, 2,666,667 shares outstanding	2,667	2,667
Additional paid-in capital	203,915	203,915
Retained earnings	52,668	199,355
Total shareholders' equity	259,250	405,937
Total liabilities and shareholders' equity	$1,565,828	$2,066,305

The accompanying notes are an integral part of these financial statements.

INFOTRAX COMMUNICATIONS, INC AND SUBSIDIARY COMPANIES

Formerly Fox Enterprises, Inc

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE SIX AND THREE MONTHS ENDED FEBRUARY 29, 1992

AND FEBRUARY 28, 1991

	Six Months		Three Months	
	1992	1991	1992	1991
Revenues:				
Services	$9,551,127	$1,578,432	$2,505,642	$ 644,282
Other income	22,648	1,870	12,796	873
Total revenues	9,573,775	1,580,302	2,518,438	645,155
Operating expenses:				
Advertising	4,710,065	647,028	1,091,028	371,605
Service bureau charges	2,089,312	450,797	488,161	226,313
Telemarketing	1,040,007	-	601,170	-
Production	745,407	63,585	203,175	45,215
General, administrative and marketing	862,658	174,933	444,843	113,367
Factoring and interest	52,813	70,429	9,219	14,108
Litigation	220,000	-	220,000	-
Total operating expenses	9,720,462	1,406,772	3,058,194	770,608
(Loss) income before income taxes	(146,687)	173,530	(539,756)	(125,453)
Provision for income taxes	-	69,000	-	-
(loss) income before extraordinary credit	(146,687)	104,530	(539,756)	(125,453)
Extraordinary credit:				
Income tax reduction attributable to utilization of net operating loss carryforward	-	11,700	-	-
Net (loss) income	$ (146,687)	$ 116,230	$ (539,756)	$(125,453)
(Loss) earnings per share of common stock (Note 2):				
Average shares outstanding	2,666,667	880,250	966,917	923,384
(Loss) earnings before extraordinary credit	$ (.055)	$ .119	$ (.558)	$ (.136)
Extraordinary credit	-	.013	-	-
(Loss) earnings per share of common stock	$ (.055)	$ .132	$ (.558)	$ (.136)

The accompanying notes are an integral part
of these financial statements.

INFOTRAX COMMUNICATIONS, INC. AND SUBSIDIARY COMPANIES
Formerly Fox Enterprises, Inc.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED FEBRUARY 29, 1992
AND FEBRUARY 28, 1991

	Common Stock		Additional Paid in	Retained
	Shares	Amount	Capital	Earnings
Balances, September 1, 1990	836,917	$ 837	$ 79,245	$(28,441)
Common stock issued	130,000	130	15,370	-
Net income	-	-	-	116,230
Balances, February 28, 1991	966,917	$ 967	$ 94,615	$ 87,789
Balances, September 1, 1991	2,666,667	$2,667	$203,915	$199,355
Net loss	-	-	-	(146,687)
Balances, February 29, 1992	2,666,667	$2,667	$203,915	$ 52,668

The accompanying notes are an integral part
of these financial statements.

INFOTRAX COMMUNICATIONS, INC. AND SUBSIDIARY COMPANIES
Formerly Fox Enterprise, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED FEBRUARY 29, 1992
AND FEBRUARY 28, 1991

	1992	1991
Cash flows from operating activities:		
Net (loss) income	$(146,687)	$116,230
Adjustment to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	9,345	334
Decrease (increase) in assets:		
Accounts receivable	882,486	(145,064)
Inventory	(120,463)	-
Prepaid expenses	(145,816)	(22,215)
Increase (decrease) in liabilities:		
Accounts payable	(110,725)	81,875
Income taxes payable	(132,207)	16,000
Provision for lawsuit settlement	170,000	-
Net cash provided by operating activities	405,933	47,160
Cash flows from investing activities:		
Capital expenditures	(22,329)	(45,882)
Payment for deposits	(7,290)	(4,933)
Purchase of restricted certificates of deposit	(104,465)	-
Net cash used in investing activities	(134,084)	(50,815)
Cash flows from financing activities:		
Proceeds from sales of common stock	-	15,500
Repayment under short-term loan agreement	(190,000)	-
Decrease in notes payable - related partnership	(118,889)	-
Net proceeds of officers' loans	28,031	-
Net cash (used in) provided by financing activities	(280,858)	15,500
Net (decrease) increase in cash	(9,009)	11,845
Cash, beginning of period	254,369	105,838
Cash, end of period	$ 245,360	$117,683
Supplemental Disclosures:		
Interest paid	$ 52,813	$ 70,429
Income taxes paid	$ 132,207	$ -

The accompanying notes are an integral part
of these financial statements.

INFOTRAX COMMUNICATIONS, INC.
Formerly Fox Enterprises, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - The accompanying condensed financial statements have been prepared in accordance with the generally accepted accounting principles for interim financial information. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. The balance sheet as of August 31, 1991 has been derived from the audited balance sheet at that date.

NOTE 2 - (LOSS) EARNINGS PER SHARE OF COMMON STOCK - Per share amounts are computed by dividing net (loss) income by the weighted average number of common stock shares outstanding during the period. The effect of stock warrants for the six month period ending February 28, 1991 is not included because the price of common stock was less than the exercise price of the stock warrants. Also, the effect of stock warrants for the loss periods reflected would be anti-dilutive in computing loss per share.

NOTE 3 - LITIGATION - In February 1992, the Company was named as a defendant in a lawsuit filed by the Attorney General of the State of New Jersey. The Attorney General alleges that the Company participated in misleading advertising in connection with certain of its "900" number promotions. The Company believes that the provision of $200,000 that was charged to operations is sufficient to meet the expenses associated with this action.

Also in February 1992, the Company settled an investigation by the Attorney General of the State of New York into certain of the Company's "900" number promotions by paying the sum of $20,000, representing the Attorney General's costs and expenses associated with the investigation.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

General - Basis of Presentation

The Company was organized for the purpose of seeking potential business combinations which, in the opinion of management, would be in the best interests of the Company, taking into account its status as a public company. From the completion of its public offering on September 14, 1989 through April 18, 1991, the Company's activities were limited to the investigation and review of several potential business opportunities, none of which were further pursued by management. During this period, the Company's expenses were limited to those incurred in the course of such investigations and its revenues were limited to interest income on invested funds.

On April 18, 1991, an Agreement and Plan of Reorganization (the "Plan of Reorganization") was consummated whereby the Company acquired one hundred percent (100%) of the issued and outstanding common stock of a group of affiliated companies consisting of Advanced Marketing & Promotions, Inc., Touch Tone Entertainment, Inc., Consumer News Service, Inc. and Infotrax, Inc. (collectively the "Acquiree Companies") in exchange for the issuance of 2,266,667 shares of the Company's common stock to the historic shareholders of the Acquiree Companies. The Acquiree Companies were, at the time of the Plan of Reorganization, newly formed, development stage companies having recently commenced the business of the sale of goods and services through direct response marketing. As a consequence of the Plan of Reorganization, the historic shareholders of the Acquiree Companies control approximately 85% of the common stock of the Company.

In order to properly reflect the economic substance of the Plan of Reorganization, the underlying transactions have been accounted for as a "reverse acquisition" using the Pooling of

Interests method of accounting; in effect, accounting for the transaction as a recapitalization of the Acquiree Companies and the purchase of the Company by the Acquiree Companies. Therefore, in accordance with generally accepted accounting principles, the financial statements reflect the combined results of operations for the Company and the Acquiree Companies for the periods therein indicated. Inasmuch as the Company generated only interest income during the periods prior to the Plan of Reorganization, the operations of the Acquiree Companies account principally for the results of operations reflected.

Results of Operations

For the quarter ended February 29, 1992 (the "Current Quarter"), the Company generated total revenues of $2,518,438, which reflects a decrease of $4,536,899 from the revenues realized during the quarter ended November 30, 1991 (the "Prior Quarter") during which the Company generated $7,055,337 in total revenues. Operating expenses decreased $3,604,074 from $6,662,268 in the Prior Quarter to $3,058,194 in the Current Quarter. This decrease is largely due to the Company making fewer expenditures for advertising (down $2,526,813) and service bureau charges (down $1,113,190). The Company experienced a net loss of $539,756 in the Current Quarter as compared to net income of $234,069 in the Prior Quarter.

As compared to the quarter ended February 28, 1991 (the "Prior Year Quarter"), revenues for the Current Quarter have increased significantly. Inasmuch as the Company remained in a developmental stage during the Prior Year Quarter, no meaningful comparison can be offered. It is not likely, therefore, that the increase in revenues from the Prior Year Quarter to the Current Quarter will provide any material trends towards increasing revenues in the future.

The decrease in revenues experienced by the Company during the Current Quarter is attributable, in large part, to the discontinuance by the Company of direct mail promotions which had become unprofitable as a result of declining consumer interest and which had become the focus of significant regulatory scrutiny. Advertising expenses and service bureau charges decreased in the Current Quarter as a consequence of such discontinuance of these direct mail promotions. Inasmuch as direct mail promotions had previously been the major source of revenue for the Company, accounting for in excess of 75% of the Company's gross revenues, the discontinuance of such programs has had, and may continue to have, an immediate adverse impact on the Company's revenues and net income.

Having discontinued most of its direct mail programs, during the Current Quarter the Company has generated a significant percentage of its revenues from live programs offered through "900" number phone lines (i.e., horoscopes and psychic readings), service bureau activities and media buying services. The Company has marketed and is preparing to release for nation-wide distribution, on broadcast and cable television, a 30 minute infomercial for live "900" psychic services. Although the results of initial test marketing have been positive, there can be no assurances that each or any of these programs can be undertaken successfully on a commercial basis.

The Company is currently test marketing new promotions offering hard goods for sale through direct response marketing. Although extensive test marketing of each program is undertaken by the Company, since direct marketing programs rely upon consumer acceptance of each separate program, management cannot provide any reasonable basis at this time upon which to project future growth or profitability.

Since its revenues are dependent upon the outcome of direct marketing programs undertaken by the Company, for which no reasonable estimates are possible, management is uncertain as to the trends of its revenues and net income, although the Company is unlikely to realize significant increases in revenues or net income in the short term.

In connection with the Company's plans to offer hard goods for sale, the Company obtained a "merchant account" from a bank (the "Bank"), as of April, 1992, which account enables the Company to accept as payment for such hard goods Visa or Mastercard charges. This account now allows the Company to offer hard goods for sale by solicitations made through mail order or television, a source the Company could not access in the past because of its inability to accept credit purchases of its goods.

The Bank is to receive a fee of 3.42% per transaction for providing the merchant account to the Company. In addition, a reserve of 3% of gross sales per promotion will be retained by the Bank for a period of six months. Payment of the balance of the charged amount is made by the Bank to the Company, within 72 hours of the goods being shipped to the consumer, by direct deposit into an account maintained by the Company at the Bank for that purpose. The Bank has also reserved the right to approve which promotions may utilize the merchant account for payment.

During the Current Quarter, the Board of Directors reorganized management's salaries and determined that it was in the Company's best interest to decrease the salaries paid to its executive officers. As a consequence, the annual salaries of each of Messrs.

Ostroff and Hellinger have decreased from $260,000 to $208,000; Mr. De Boyace's annual salary has decreased from $130,000 to $93,600.

Liquidity and Capital Resources

The Company's principal sources of operating capital during the Current Quarter were provided through operations and short term borrowings. The Company has no long term debt.

A predominant portion of the Company's operating capital was provided through the financing of receivables generated in its direct response marketing business. Without these arrangements, the Company's cash flow would be adversely effected. It is not unusual for long distance carriers such as AT&T and MCI to take in excess of ninety (90) days to collect and pay over direct response fees to the Company. Thus, the Company's financing arrangements provide critically needed cash flow which, in turn, permits the Company to undertake the development of additional programs and the conduct of additional advertisements.

Working capital and retained earnings decreased 44% to $177,627 and 74% to $52,668, respectively, in the six-month period ended February 29, 1992, as compared to the fiscal year ended August 31, 1991 ("Fiscal 1991"), primarily due to a decrease in accounts receivable as a consequence of discontinuing certain of the Company's direct mail programs which had become unprofitable.

Accounts receivable are reflected on the Company's financial statements net of an allowance for chargebacks. Chargebacks are costs, similar to an allowance for doubtful accounts, which arise from direct response telephone calls that are not paid for by the consumer. If the consumer does not pay, the Company does not receive the revenue from the telephone call. Since the Company cannot determine which calls will not be paid for and, therefore, which calls will generate receivables that are not collectible; the Company must establish a reasonable reserve. Based on the total receivables, the Company has established a chargeback reserve to offset any holdbacks which may later be imposed on the Company. The amount of the reserve is determined quarterly by comparing the amount of the prior quarter's actual chargebacks, computing that figure as a percentage of service revenues for the quarter and applying that percentage to the total receivables for the quarter. Historically, the Company's chargebacks have averaged approximately 5% of service revenues.

A significant portion of the net cash used in investing activities ($104,465) represented the purchase of a certificate of deposit pledged as security for the Company's line of credit facility. The Company's line of credit in the approximate principal amount of $190,000 was repaid during the six-month period ended February 29, 1992.

During the Current Quarter, the Company received notification from the Federal Trade Commission (the "FTC") that it had commenced an inquiry into the general business and operations of the Company without specifying that any particular program or practice of the Company was the subject of such investigation. The Company has indicated its willingness to comply with all requests and to fully assist the FTC in connection with this investigation. To date, the Company has no indication of the outcome of the investigation and, because of the early nature thereof, cannot speculate on the eventual results.

During February 1992, the Attorney General of the State of New Jersey instituted a lawsuit naming the Company, certain of its subsidiaries and certain officers and directors as defendants. In its Complaint, the Attorney General alleges that certain of the Company's direct mail programs are deceptive and misleading and seeks among others, an injunction against continuing such promotions, engaging in any "900" number business and unspecified civil penalties. Negotiations between the Company and the Attorney General have commenced and the Company is hopeful that a settlement of this action will be forthcoming in the near future. For that reason, the Company's financial statements for the Current Quarter reflect a reserve of $170,000, which management believes will be sufficient to pay the estimated expenses connected with this lawsuit. Although the Company maintains that such promotions comply with all applicable laws, there can be no assurances as to the eventual outcome of the settlement negotiations or the action itself; however, should all of the remedies sought be imposed on the Company, it is likely that such action will have an adverse impact on the Company's future results of operations, liquidity and capital resources.

Also during February 1992, the Company settled an investigation into certain of its direct mail programs instituted by the Attorney General of the State of New York through the payment through the payment of $20,000, representing payment of the Attorney General's costs and expenses associated with such investigation and by offering refunds to certain consumers who had participated in the promotion. No penalties or sanctions were levied against the Company.

In an effort to diversify its core business, in February 1992 the Company established Camino Marketing, Inc. ("Camino"), a wholly-owned subsidiary, to engage in activities which were to have focused on the use of television and other sources of media to undertake the direct marketing of goods, particularly in the Los Angeles, California area, principally to the Hispanic community.

The Company had intended to commit at least $150,000 to be utilized to fund Camino's (i) initial overhead and operating expenses; and (ii) initial promotional and other extraordinary expenses in accordance with a pre-approved budget.

In conjunction with the formation of Camino, in February, 1992, the Company secured certain employment arrangements with an individual experienced in the direct marketing industry to operate Camino as its Chief Executive Officer (the "Executive") for a period of at least three years. Subsequent to February, certain controversies have developed between the Company and the Executive. The Company is currently attempting to resolve any and all such controversies with the Executive in an amicable fashion, however, there can be no assurances to this effect. Until such time as these controversies have been resolved, the Company has ceased all further operations of Camino and intends to commit no additional funds to Camino.

Based upon expected operating performance and financing commitments, management believes that internally generated funds and short term borrowings on existing credit lines will provide adequate resources for supporting projected growth during the remainder of this fiscal year ("Fiscal 1992").

In recognition of the increased regulatory scrutiny being applied in the audiotex industry, particularly with regard to "900" number programs, and in light of substantial negative publicity surrounding the "900" number industry, in general, as well as increased regulations restricting the activities of providers of audiotex services, management believes that a material contraction in the industry, as well as its own operations, may be likely to continue. Having recognized this possibility, management has formulated and has begun to implement ventures outside of the audiotex industry, but remaining within the direct response marketing industry. In this regard, the Company is working to expand the direct marketing of hard goods, both through advertising by direct mail and by television commercials and infomercials, in addition to continuing to develop and expand its service bureau and media buying activities during the remainder of Fiscal 1992.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

On February 21, 1992, the Attorney General of the State of New Jersey instituted an action in the Superior Court of New Jersey, Chancery Division - Burlington Co., (Docket No. BUR-C-20-90) against the Company, Infotrax, Inc., Advanced Marketing and Promotions, Inc., Consumer News Service, Inc. and two of the Company's directors, alleging deceptive and misleading practices in connection with certain of the Company's direct mail promotions, seeking, among others, an injunction against the continuation of such deceptive and misleading practices and from engaging in any business which conducts "900" number marketing and sales, the assessment of unspecified civil penalties and the refund by the Company of any monies acquired from consumers who participated in the subject promotions.

Although management of the Company believes that the allegations contained in the complaint are without merit and is diligently pursuing the defense thereof, it can make no assessment as to the outcome of the action at this time. Should the Company be required to comply with all of the demands of the litigation, the implementation of such actions or injunctions are likely to have an adverse impact on the Company's future results of operations.

Item 2. Changes in Securities

On September 13, 1991, the Board of Directors of the Company resolved to adopt a plan of exchange ("Exchange Offer") in which holders of the Company's outstanding redeemable Class B common stock purchase warrants (the "Class B Warrants") would, be given the option to exchange each denomination of ten (10) Class B Warrants for a newly issued exchange unit (the "Exchange Unit"), consisting of two (2) shares of the Company's common stock, four (4) redeemable Class C common stock purchase warrants (the "Class C Warrants") and one (1) redeemable Class D common stock purchase warrant (the "Class D Warrant").

The Company has elected to temporarily postpone the Exchange Offer due to unfavorable conditions in the marketplace at this time. An evaluation will be made by management in the near term as to whether to terminate or reinitiate considerations regarding the Exchange Offer.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submissions of Matters to a Vote of Security Holders

None.

Item 5. Other Information

(a) February 10, 1992, a wholly-owned subsidiary, Camino Marketing, Inc., was formed in Delaware to engage, through the use of television and other media, in the direct marketing of goods in the Los Angeles, California area.

(b) On February 28, 1992, Ronald Slack tendered his resignation as a director of the Company, which resignation was accepted. A successor has not been named to fill the vacancy occasioned by Mr. Slack's resignation.

(c) On April 15, 1992, Robert De Boyace resigned as an officer and director of the Company and as an officer of each of the Company's subsidiaries. Mr. De Boyace was not a director of any of the subsidiaries. A successor has not been named to fill the vacancy in the Company's Board of Directors occasioned by Mr. De Boyace's resignation; however, Mr. Donald Hellinger has, as of May 11, 1992, been elected to the office of Secretary of the Company and each of its subsidiaries to fill the vacancies occasioned by Mr. De Boyace's resignations.

Item 6. Exhibits and Reports on Form 8-K

(a) The following Exhibits are attached hereto and are incorporated by reference:

Exhibit 22 - List of Subsidiaries

(b) The Registrant has filed the following Current Reports on Form 8-K:

(i) Current Report on Form 8-K filed with the Securities and Exchange Commission (the "Commission") on March 2, 1992 relating to the institution of litigation by the New Jersey Attorney General and the settlement of the investigation instituted by the New York Attorney General.

(ii) Current Report on Form 8-K filed with the Commission on March 5, 1992 relating to the resignation of a director, the extension of the expiration date of the Company's Class B Warrants and the temporary postponement of the previously announced exchange offer with respect to the Class B Warrants.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf of the undersigned hereunto duly authorized.

Dated: May 11, 1992

INFOTRAX COMMUNICATIONS, INC.

By: __________________
Robert Ostroff, President

EXHIBIT 22

Subsidiaries

Advanced Marketing and Promotions, Inc.
Infotrax, Inc.
Consumer News Service, Inc.
Touch Tone Entertainment, Inc.
Advanced List Marketing, Inc.
Laurel Mint, Inc.
Camino Marketing, Inc.
Interactive Strategic Marketing, Inc.

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

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FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended July 31, 1991
Commission File Number 33-24329 NY

READY CAPITAL CORP.
(Exact name of registrant as specified in its charter)

New York	13-3475609
(State or other jurisdiction of incorporation of organization)	(I.R.S. Employer Identification No.)
416 41st Street, Brooklyn, New York	11232
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code 718-633-1879

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date -- to wit: 800,000 shares at October 15, 1991.

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Ready Capital Corp.
FORM 10-Q

Quarter Ended July 31, 1991

Part I Financial Information

Balance Sheets - July 31, 1991 and January 31, 1991 F-2

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Statement of Changes in Shareholders' Equity - Inception (February 23, 1988) to July 31, 1991 F-4

Statement of Cash Flows for the six months ended July 31, 1991 and 1990 and Inception (February 23, 1988) to July 31, 1991 F-5

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Ready Capital Corp.
(A Development Stage Enterprise)
Balance Sheet
(Unaudited)

ASSETS

	July 31, 1991	January 31, 1991
Current Assets:		
Cash in bank	$ 259	$ 166
Marketable securities, at cost (market value $16,900 and $16,643)	24,722	31,344
Total Current Assets	24,981	31,510
Other Assets:		
Loans receivable shareholders	28,000	28,000
Total Assets	$ 52,981	$ 59,510

LIABILITIES AND SHAREHOLDERS' EQUITY

	July 31, 1991	January 31, 1991
Current Liabilities:		
Accrued expenses payable	$ 9,002	$ 9,002
Due on purchase on marketable securities	-	4,352
Loan payable	1,500	1,500
Total Current Liabilities	10,502	14,854
Shareholders' Equity:		
Common Stock, authorized 25,000,000 shares, $.001 par value, issued and outstanding 800,000 shares	800	800
Additional paid-in capital	117,329	117,329
Deficit accumulated during the development stage	(75,650)	(73,473)
Total Shareholders' Equity	42,479	44,656
Total Liabilities and Shareholders' Equity	$52,981	$59,510

See Accompanying Notes to Financial Statements

Ready Capital Corp.
(A Development Stage Enterprise)
Statement of Operations
(Unaudited)

	Six Months Ended July 31,		Three Months Ended July 31,		Inception (February 23, 1988) to July 31, 1991
	1991	1990	1991	1990	
Revenues	$ 4	$ 3	$ 3	$ 1	$ 3,053
Costs and Expenses	151	150	75	75	36,904
Net Operating Gains (Loss)	(147)	(147)	(72)	(74)	(33,851)
Gain (Loss) on sale of marketable securities	(2,030)	1,000	-	1,000	(41,799)
Net Gain (Loss)	$(2,177)	$ 853	$(72)	$ 926	$(75,650)
Weighted average number of common shares outstanding	800,000	800,000	800,000	800,000	663,400
Net Income (Loss) Per Share	$(.00272)	$.00106	Nil	$.00116	$(.11403)

See Accompanying Notes to Financial Statements

Ready Capital Corp.
(A Development Stage Enterprise)
Statement of Changes in Shareholders' Equity
Inception (February 23, 1988) to July 31, 1991

	Common Stock		Additional Paid-In Capital	Income Accumulated in the Development Stage
	Number of Shares	Amount		
Inception - February 23, 1988	0	$ 0	$ 0	$ 0
Issuance of common stock to officers, directors and founders for cash	600,000	600	1,600	0
Proceeds from sale of common stock to the public, less stock offering costs of $34,271	200,000	200	115,729	0
Net Income (Loss)	0	0	0	(12,561)
Balance - January 31, 1989	800,000	800	117,329	(12,561)
Net Income (Loss)	0	0	0	(53,202)
Balance - January 31, 1990	800,000	800	117,329	(65,763)
Net Income (Loss)	0	0	0	(7,710)
Balance - January 31, 1991	800,000	800	117,329	(73,473)
Net Income (Loss)	0	0	0	(2,177)
Balance - July 31, 1991	800,000	$ 800	$117,329	$(75,650)

See Accompanying Notes to Financial Statements

Ready Capital Corp.
(A Development Stage Enterprise)
Statement of Cash Flows
(Unaudited)

	Six Months Ended July 31,		Inception (February 23, 1988) to
	1991	1990	July 31, 1991
Cash Flows From Operating Activities:			
Net Income (Loss)	$(2,177)	$ 853	$(75,650)
Changes in assets and liabilities:			
Increase in accrued expenses	-	-	9,002
Funds Used in Operating Activities	(2,177)	853	(66,648)
Cash Flows From Financing Activities:			
Proceeds from issuance of common stock	-	-	152,400
Payments of deferred offering costs	-	-	(34,271)
Proceeds (repayment) of loans	-	-	1,500
Loans to shareholders	-	-	(28,000)
Funds Provided by Financing Activities	-	-	91,629
Cash Flows From Investing Activities:			
Purchase (sale) of securities	6,622	(938)	(24,722)
Increase (decrease) on due on purchase of marketable securities	(4,352)	(359)	-
Funds Provided By (Used In) Investing Activities	2,270	(1,297)	(24,722)
Increase (Decrease) in Cash	93	(444)	259
Cash Balance - Beginning	166	867	-
Cash Balance - End	$ 259	$ 423	$ 259

See Accompanying Notes to Financial Statements

Ready Capital Corp.
(A Development Stage Enterprise)
Notes to Financial Statements
Quarter Ended July 31, 1991

1. Basis of Presentation

The accompanying financial statements, reflect all adjustments, which in the opinion of management, are necessary for the fair presentation of the financial position and the results of operations for the interim periods presented are not necessarily indicative of the results to be expected for the full year.

Ready Capital Corp.
(A Development Stage Enterprise)
Management's Discussion and Analysis of Quarterly Income Statement
Quarter Ended July 31, 1991

The Company is in the development stage and is searching to find and acquire a suitable business which the Company would operate directly or as a subsidiary corporation. Ready Capital Corp. had no operations except investment and business search activities.

Ready Capital Corp.

Quarter Ended July 31, 1991

Part II **Other Information**

Item 1 Legal Proceedings - None

Item 2 Changes in Securities - None

Item 3 Defaults Upon Senior Securities - None

Item 4 Submission of Matters to a Vote of Securities Holders - None

Item 5 Other Information - None other than already referred to in the instant 10-Q.

Item 6 Exhibits and Reports on Form 8-K - None

Ready Capital Corp.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Ready Capital Corp.

Date: June 3, 1992

By:

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended January 31, 1991 Commission File Number 0-4186

SEQUENTIAL INFORMATION SYSTEMS, INC.
(Exact name of registrant as specified in its charter)

New York	13-1948169
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
160 Broadway, New York, NY	10038
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (212) 587-9513

Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ______ No X

Number of common shares outstanding as of May 6, 1992: 253,455,563

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SEQUENTIAL INFORMATION SYSTEMS, INC.

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Sequential Information Systems, Inc. and Subsidiaries
Consolidated Balance Sheets
(Unaudited)

	January 31, 1991	July 31, 1990
Assets		
Current Assets:		
Cash and Cash Equivalents	$ 124,625	$ 11,991
Receivables - Net of Allowances	602,015	92,295
Inventories - Net	2,218,898	-
Prepaid Expenses and Other Current Assets	74,168	49,744
Total Current Assets	3,019,706	154,030
Property, Plant and Equipment - Net	74,386	36,247
Other Assets:		
Deferred Charges and Other Assets	178,252	174,356
Accounts Receivable - Long Term	201,000	201,000
Notes Receivable	72,940	72,940
Investments - Common Stock	133,125	143,126
Net Assets Reacquired	-	2,324,885
Total Other Assets	585,317	2,916,307
Total Assets	$3,679,409	$3,106,584

See Notes to Consolidated Financial Statements.

Sequential Information Systems, Inc. and Subsidiaries
Consolidated Balance Sheets
(Unaudited)

	January 31, 1991	July 31, 1990
Liabilities		
Current Liabilities:		
Income Taxes Payable	$ 19,219	$ 17,219
Accounts Payable and Accrued Expenses	1,097,463	778,912
Loan Payable - Bank	250,000	-
Notes Payable	449,740	436,543
Security Deposits Payable	3,500	3,500
Current Portion of Obligations Under Capital Leases	10,516	-
Commissions Payable	47,389	-
Accrued Payroll Taxes and Related Expenses	386,248	328,032
Accrued Interest	163,272	129,712
Total Current Liabilities	2,427,347	1,693,918
Long - Term Liability:		
Obligations Under Capital Leases (Less Current Maturities Included Above)	579	-
Shareholders' Equity		
Preferred Stock	2,962	2,962
Common Stock	2,534,573	2,534,573
Additional Paid - In Capital	13,975,528	14,061,585
Retained Earnings (Deficit)	<15,261,580>	<15,186,454>
Total Shareholders' Equity	1,251,483	1,412,666
Total Liabilities and Shareholders' Equity	$3,679,409	$3,106,584

See Notes to Consolidated Financial Statements.

[illegible] and Subsidiaries

[illegible] Statements of Operations

[illegible]

	[illegible]		Six Months Ended January 31,	
	[illegible]	[illegible]	1991	1990
[illegible]				
[illegible]		[illegible]	$ 960,351	$1,043,298
[illegible]	[illegible]	-	1,800,130	-
[illegible]	[illegible]	[illegible]	2,760,481	1,043,298
[illegible]				
[illegible]	[illegible]	[illegible]	692,935	704,459
[illegible]	[illegible]	-	1,267,352	-
[illegible]	[illegible]	[illegible]	1,960,287	704,459
[illegible]	[illegible]	[illegible]	800,194	338,839
[illegible]	[illegible]	[illegible]	766,069	385,900
[illegible]	[illegible]	[illegible]	34,125	<47,061>
[illegible]	[illegible]	[illegible]	<90,459>	<36,845>
[illegible]		-	<16,500>	-
[illegible]	[illegible]	[illegible]	<106,959>	<36,845>
[illegible]	[illegible]	[illegible]	<72,834>	<83,906>
[illegible]	[illegible]	[illegible]	2,290	2,000
[illegible]	$ [illegible]	$ [illegible]	$<75,124>	$<85,906>
[illegible]	$	$ -	$ -	$ -
[illegible]	[illegible]	[illegible]	253,457,366	253,457,366

[illegible] Statements.

Sequential Information Systems, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

	Six Months Ended January 31,	
	1991	1990
Cash Flows from Operating Activities		
Net (Loss)	$< 75,124>	$< 85,906>
Adjustments to Reconcile Net (Loss) to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	44,040	15,557
Write-off of Customer Lists	16,500	-
Change in Assets and Liabilities:		
(Increase) in Receivables	< 23,054>	< 194,945>
Decrease in Accounts Receivable-Purchased	-	1,012
Decrease (Increase) in Prepaid Expenses	7,273	< 40,721>
Decrease (Increase) in Common Stock Investments	10,001	< 40,681>
Increase in Income Taxes Payable	2,000	2,000
Increase in Accounts Payable and Accrued Expenses	31,866	193,962
(Decrease) Increase in Notes Payable	< 3,712>	57,307
Increase in Accrued Payroll Taxes and Related Expenses	58,216	-
Increase in Accrued Interest	33,560	-
(Decrease) in Security Deposits Payable	-	< 2,500>
Total Adjustments	176,690	< 9,009>
Net Cash-Operating Activities	101,566	< 94,915>
Cash Flows from Investing Activities		
(Increase) Decrease in Deferred Charges and Other Assets	<722>	21,630
Company Acquired Net of Cash	11,790	-
Payment Received on Notes Receivable	-	52,828
Net Cash-Investing Activities	11,068	74,458
Net Increase (Decrease) in Cash	112,634	< 20,457>
Cash - Beginning of Period	11,991	36,243
Cash - End of Period	$ 124,625	$ 15,786

See Notes to Consolidated Financial Statements.

SEQUENTIAL INFORMATION SYSTEMS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

1. In the opinion of the Company, the accompanying unaudited financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position of the company as of January 31, 1991 and July 31, 1990 and the results of its operations for the three and six months ended January 31, 1991 and 1990 and changes in cash flows for the six months then ended.

The accounting policies followed by the Company are set forth in Note 1 to the Company's financial statements in the July 31, 1990 Sequential Information Systems, Inc. Annual Report which is incorporated by reference on Form 10-K.

2. The results of operations for the three and six months ended January 31, 1991 and 1990 are not necessarily indicative of the results to be expected for the full year.

3. Earnings per common share is computed by dividing the net income for the period by the weighted average number of common shares outstanding. Stock options and warrants have not been included in the computation of earnings per common share, as the result would be immaterial.

4. The results of operations for the three and six months ended January 31, 1990 and changes in cash flows for the six months then ended have been corrected for a change in accounting for Minority Interest.

5. In August, 1990 Sequential Electronic Systems, Inc.(SES) was reacquired by the Company and accounted for as a purchase. The results of operations of SES is included in the accompanying unaudited financial statements for the three and six months ended January 31, 1991.

The following summarized pro-forma (unaudited) informations assumes the acquisition had occurred on August 1, 1989:

	Three Months Ended January 31, 1990	Six Months Ended January 31, 1990
Revenues		
Fees and Services	$ 607,192	$1,043,298
Product Sales	644,399	1,185,133
Total Revenues	$1,251,591	$2,228,431
Net Income (Loss)	$ 6,843	$< 156,165>
Income (Loss) Per Share	$ -	$ -

MANAGEMENT'S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Financial Condition

Cash flow increased approximately $113,000 from $12,000 at August 1, 1990 to $125,000 at January 31, 1991. 90% of the increase was provided by cash flows from operating activities.

Results of Operations

Six Months Fiscal 1991 Compared to Six Months Fiscal 1990

Revenues increased approximately by $1,717,000 from the year earlier period as a direct result of the consolidation of Sequential Electronic Systems, Inc.(SES). Product sales of SES totalled $1,800,000 offsetting a decrease in consulting fees and service revenues of $83,000 or 8%. Direct costs increased by approximately $1,256,000 as a direct result of the consolidation of SES in the current period.

Interest expense increased approximately $54,000 or 146% as a result of an increase in debt from the prior period.

Second Quarter Fiscal 1991 Compared to Second Quarter Fiscal 1990

Revenues increased approximately $546,000 or 90% from the 1990 fiscal quarter. Product sales of SES, a reacquired subsidiary, totalling $783,000 more than offset a decrease in consulting fees and services revenues of $237,000 or 39%. Direct costs increased approximately $533,000 as a direct result of the consolidation of SES.

Interest expense increased approximately $28,000 or 136% from the previous fiscal quarter as a result of an increase in debt from the prior period.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(b) REPORTS ON FORM 8-K - There were no reports on Form 8-K filed for the three months ended January 31, 1991.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SEQUENTIAL INFORMATION SYSTEMS, INC.
(Registrant)

LEWIS S. SCHILLER
(President, Chief Executive & Chief Financial Officer)

3/8/91
(Date)

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

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X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MAY 31, 1992.

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92-8849

_ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM ________ TO ________

COMMISSION FILE NUMBER 2-33228-40

SOLECTRON CORPORATION
(Exact Name of Registrant as specified in its Charter)

California (State or other jurisdiction of Incorporation or Organization)	94-2447045 (IRS Employer Identification Number)

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777 Gibraltar Drive, Milpitas, California 95035
(Address of principal executive offices and Zip Code)

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Registrant's telephone number, including area code: (40

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No __

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

At May 31, 1992, 16,424,272 shares of Common Stock of the Registrant were outstanding.

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SOLECTRON CORPORATION

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SOLECTRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands)

	May 31, 1992 (Unaudited)	August 31, 1991 (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 5,354	$ 5,801
Short-term investments	156,430	2,294
Accounts receivable, net	45,400	40,635
Inventories (note 2)	48,089	52,093
Prepaid expenses and other current assets	6,722	6,147
Total current assets	261,995	106,970
Net property and equipment	28,434	27,582
Other assets	4,703	565
Total assets	$ 295,132	$ 135,117
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	$ 2,260	$ 554
Current portion of long-term debt and capital lease obligations	8,542	5,639
Accounts payable	39,510	49,833
Accrued employee compensation	9,443	8,701
Accrued expenses	1,868	5,641
Other current liabilities	3,473	1,289
Total current liabilities	65,096	71,657
Long-term debt and capital lease obligations	130,250	12,479
Other long-term liabilities	883	3,835
Total liabilities	196,229	87,971
Shareholders' equity:		
Preferred Stock	-	-
Common stock	62,330	20,984
Retained earnings	36,573	26,162
Total shareholders' equity	98,903	47,146
Total liabilities and shareholders' equity	$ 295,132	$ 135,117

See accompanying notes.

SOLECTRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In thousands except per share data)
(Unaudited)

	Three Months Ended May 31,		Nine Months Ended May 31,	
	1992	1991	1992	1991
Net sales	$ 94,751	$ 76,921	$ 294,255	$ 181,193
Cost of sales	81,932	66,631	254,545	156,006
Gross profit	12,819	10,290	39,710	25,187
Operating expenses:				
Selling, general & administrative	6,110	4,492	17,400	11,785
Research & development	662	386	2,015	1,158
Operating income	6,047	5,412	20,295	12,244
Interest income	602	141	1,140	617
Interest expense	(1,426)	(758)	(2,734)	(1,625)
Income before income taxes	5,223	4,795	18,701	11,236
Income tax expense	2,013	2,262	8,290	5,096
Net income	$ 3,210	$ 2,533	$ 10,411	$ 6,140
Net income per share	$ 0.19	$ 0.19	$ 0.64	$ 0.47
Shares used in computation	17,115	13,240	16,368	13,054

See accompanying notes.

SOLECTRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine months Ended May 29,	
	1992	1991
Cash flows from operating activities:		
Net Income	$ 10,411	$ 6,140
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	9,091	6,479
Provision for losses on accounts receivable	253	768
Changes in operating assets and liabilities:		
Accounts receivable	(5,018)	(14,165)
Inventories	4,004	(14,350)
Prepaid expenses and other current assets	(575)	(263)
Accounts payable	(10,323)	19,479
Accrued employee compensation	742	2,205
Accrued expenses and other current liabilities	(1,323)	(1,219)
Other	(2,946)	477
Net cash provided by operating activities	4,316	5,074
Cash flows from investing activities:		
Short-term investments, net	(154,136)	3,393
Capital expenditures	(9,943)	(4,830)
Net cash used by investing activities	(164,079)	(1,437)
Cash flows from financing activities:		
Repayment from short-term debt	1,706	-
Proceeds for long-term debt	121,795	-
Repayments of long-term debt and capital lease obligations	(5,265)	(4,131)
Sale of common stock	41,080	1,134
Net cash provided (used) by financing activities	159,316	(2,997)
Net increase (decrease) in cash and cash equivalents	(447)	640
Cash and cash equivalents at beginning of period	5,801	5,302
Cash and cash equivalents at end of period	$ 5,354	$ 5,942
SUPPLEMENTAL DISCLOSURES:		
Cash paid during the period:		
Interest	$ 2,634	$ 1,400
Income taxes	$ 11,899	$ 6,272
Non-cash investing and financing activities:		
New equipment acquired under capital leases	$ -	$ 3,691
Tax benefit associated with exercise of stock options	$ 266	$ -
Debt issuance costs	$ 4,144	-

See accompanying notes

SOLECTRON CORPORATION AND SUBSIDIARIES

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - Basis of Presentation

The accompanying consolidated balance sheets as of May 31, 1992 and August 31, 1991 and the related consolidated statements of income and cash flows for the three-month and nine-month periods ended May 31, 1992 and 1991 have been prepared on substantially the same basis as are the annual consolidated financial statements. In the opinion of the Company, the financial statements reflect all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial position, operating results and cash flows for those periods presented. The results of operations for the quarter and year-to-date ended May 31, 1992 are not necessarily indicative of results to be expected for the entire year. These condensed consolidated financial statements should be read on conjunction with the consolidated financial statements, and notes thereto, for the year ended August 31, 1991 included in the Company's Annual Report to Shareholders.

For clarity of presentation, the Company has indicated that its third quarter ended May 31, whereas in fact, the Company's third quarter for fiscal years 1992 and 1991 ended on May 29 and 31, respectively.

NOTE 2 - Inventories

Inventories consisted of:

	May 31, 1992	August 31, 1991
	(In thousands)	
Raw materials	$30,276	$32,085
Work-in-process	17,813	20,008
	$48,089	$52,093

NOTE 3 - Net Income per Share

Net income per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding. Net income per share computed on a fully diluted basis is the same as net income per share computed on a primary basis.

ITEM 2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

Solectron's net sales are derived from sales to computer and electronic system OEMs. The Company specializes in using advanced manufacturing technologies in assembly and manufacturing management of complex printed circuit boards and electronic systems. The Company recognizes revenue upon shipment of product to its customers.

Solectron's operating results are affected by a number of factors, including the mix of turnkey and consignment manufacturing projects, the degree of automation that can be used in the assembly process, efficiencies achieved by the Company in managing inventories and fixed assets, the timing of orders from major customers and price competition. Over the past several years, the Company's strategy has been to increase the percentage of sales it derives from turnkey manufacturing, which currently represents a substantial portion of the Company's sales. Turnkey projects, in which the Company procures some or all of the components necessary for production, typically generate higher net sales and higher gross profits than consignment projects due to the inclusion in the Company's operating results of sales and costs associated with such materials. However, turnkey projects usually have lower margins than consignment projects due to lower margins on the materials portion versus the labor portion of such projects. The growth in the Company's net sales and gross profits and the decrease in its gross profit margins over the past several years have been due in part to this shift towards turnkey manufacturing.

Results of Operations

The following table sets forth, for the three and nine months ended May 31, 1992 and 1991, certain items as a percentage of net sales. The table and the discussion below should be read in conjunction with the consolidated financial statements and the notes thereto, that appear elsewhere in this report.

	Three Months Ended May 31,		Nine Months Ended May 31,	
	1992	1991	1992	1991
Net Sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of Sales	86.5	86.6	86.5	86.1
Gross Profit	13.5	13.4	13.5	13.9
Selling, General and Administrative	6.4	5.9	5.9	6.5
Research & Development	.7	.5	.7	.6
Operating Income	6.4	7.0	6.9	6.8
Interest Expense, Net	.9	.8	.5	.6
Income Before Income Taxes	5.5	6.2	6.4	6.2
Income Tax Expense	2.1	2.9	2.8	2.8
Net Income	3.4 %	3.3 %	3.6 %	3.4 %

During the quarter ended May 31, 1992 the Company's sales to Sun Microsystems decreased in both absolute terms and as a percentage of total sales when compared to the same quarter of fiscal 1991. Sun remained the Company's largest customer. Sales to IBM in the third quarter of fiscal 1992 decreased in absolute terms when compared with the same quarter a year ago. Net sales for the third quarter ended May 31, 1992 increased by $17.8 million, or 23.2%, over the corresponding quarter in the prior year. Net sales of $294.3 million for the nine month period ended May 31, 1992 represented a 62.4% increase over the first nine months of fiscal 1991. The increases came from existing customers and significant new customer relationships that were established in the last half of fiscal 1991. To date, a majority of Solectron's net sales have been derived from manufacturing services provided by its domestic operation. The Company's Malaysian subsidiary began shipping products shortly before the end of fiscal 1991. The Company believes that future increases in net sales will depend upon growth in sales to existing customers for their current and future product generations, further geographic expansion of Solectron's operations to accommodate customer manufacturing requirements and successful marketing to new customers. The Company has no firm long-term volume commitments from its customers and over the last few years has experienced reduced lead-time in customer orders. In addition, customer contracts can be cancelled and volume levels can be changed or delayed. The timely replacement of cancelled, delayed or reduced contracts with new business cannot be assured. There can be no assurance that any of the Company's current customers will continue to utilize the Company's services.

Most of the Company's customers are in the computer and electronics industry, which is subject to rapid technological change, product obsolescence and price competition. The factors affecting the electronics industry in general, or any of the Company's major customers in particular, could have a material adverse effect on the Company's results of operations.

Gross profit for the third quarter of fiscal 1992 increased by $2.5 million over the third quarter of fiscal 1991. Gross margin remained relatively stable at 13.5% in the third quarter of the current year as compared with 13.4% in the third quarter of fiscal 1991. The relatively flat gross margin reflected the inefficiency caused by the move to the new Campus which was partially offset by an improved business mix and the Malaysian facility's positive contribution. The decline was doe to the continuing trend toward turnkey business, investments incurred to expand system build capabilities and the Company's continued investment in the Penang, Malaysia manufacturing facility. The gross profit for the nine-month period ended May 31, 1992 increased by $14.5 million while gross margin decreased to 13.5% versus 13.9% from the comparable period in 1991. The trend towards increased turnkey business, along with potential further geographic expansion and continued investments in technology and training, could adversely affect future results of operations. Moreover, increased sales of price sensitive, high volume products, which are the primary focus of the Malaysian facility may further reduce gross profit margin.

Operating expenses increased as a percentage of net sales from 6.3% in the third quarter of fiscal 1991 to 7.1% for the third quarter of fiscal 1992. Operating expenses for the first nine months of fiscal 1992 increased in absolute terms but decreased as a percentage of total sales when compared to the same period of fiscal 1991. The increase in operating expenses was due to geographic expansion, non-recurring costs related to the new campus facility and other business development expenses. The Company anticipates the operating expenses will increase in absolute terms during the next few quarters due to additional expenditures projected for the second phase of the new campus facility to house the Milpitas operations and potential geographic expansion.

The Company incurred net interest expense of $824,000 in the third quarter and $1.6 million in the first nine months of fiscal 1992, compared to $617,000 and $1 million, respectively, for the same periods of fiscal 1991. The increased net interest expense was primarily due to incremental interest expense accrued for the new debt offering, offset somewhat by interest earned on short term investments in which the proceeds of the debt offering were invested.

The Company's estimated effective tax rate for the third quarter of fiscal 1992 and 1991 were 38.5% and 47.2% respectively. The decrease was due to a number of factors including the positive contribution in Penang where the operation enjoys an income tax holiday, as well as the impact of certain tax advantaged short term investment income.

The Financial Accounting Standards Board recently adopted Statement No. 109 to replace Statement No. 96, which the Company uses to account for income taxes. Among other things, Statement No. 109 changes the recognition criteria for deferred tax assets. The Company will be required to adopt Statement No. 109, either prospectively or by restating previously reported amounts, no later than September 1, 1993. the Company has not yet decided when or how to adopt statement No. 109. Management expects that adoption of Statement No. 109 will result in the recognition of a deferred tax benefit which could not be recorded under Statement No. 96. The amount of such benefit has not been determined.

Liquidity and Capital Resources

The Company generated cash from operating activities of $4.3 million in the nine months ended May 31, 1992. The decline in operating cash flow was primarily due to a decrease in accounts payable resulting from payments made to turnkey suppliers. Working capital was $196.9 million as of May 31, 1992, compared to $35.3 million at the end of fiscal 1991. This increase included $112.7 million from the Company's April 1992 Liquid Yield Option Notes (LYONs) convertible debt offering and the $39.8 million from the November 1991 common equity offering. At May 31, 1992, the Company had $8.9 million in foreign credit facilities, under which it had $4.0 million available, subject to certain financial covenants, as well as $5.0 million in available equipment lease lines of credit. The Company also has a revolving credit facility with certain banks pursuant to which, subject to satisfaction of certain conditions, it may borrow funds and obtain letters of credit aggregating up to $40 million at any one time outstanding. There are no current borrowings outstanding under this facility. The revolving credit facility is secured by accounts receivable, inventory, equipment and certain other assets, and requires the Company to comply with specific covenants relating to, among other things, (i) limitations on indebtedness, capital purchases, payment of cash dividends and quarterly losses, (ii) minimum levels of tangible net worth and (iii) certain financial ratios. In April 1992, the Company completed an offering of LYONs due 2012. The LYONs are convertible zero coupon subordinated notes, having a principal amount at maturity of $460 million. The Company will become obligated to purchase the LYON's, at the option of the holder, in May of 1997, 2002 and 2007 at a purchase price representing a 7% yield per annum to the holders, computed on a semi-annual bond equivalent basis. These convertible zero coupon, subordinated notes carry a yield to maturity of 7% and are convertible into 10.396 shares of common stock at the initial conversion price of $24.29. The Company anticipates its cashflow from operations, together with cash and investment balances and available credit facilities, should be sufficient to satisfy working capital, capital expenditures and potential geographic expansion through the next six months.

Proposed Transactions with IBM

Consistent with Solectron's strategy to expand its operations in Europe, the Company is continuing negotiations with IBM regarding the possibility of entering into a series of related transactions, which would include the purchase of IBM's pin-through-hole ("PTH") electronic card assembly operations in Bordeaux, France, as well as a smaller facility in Charlotte, North Carolina. In addition to providing the Company with a substantial manufacturing capability in Europe and the Eastern United States, the proposed transactions would enable Solectron to significantly expand its business relationship with IBM. The proposed transactions, if consummated, will include manufacturing services agreements under which the Company will supply to IBM certain volumes of electronic sub-assemblies for a period of three years, subject to certain pricing and other terms to be negotiated. These manufacturing services agreements have the potential to substantially increase the Company's net sales. The Company and IBM are also studying the possibility of entering into additional agreements providing the Company with access to certain of IBM's manufacturing technologies on terms to be negotiated.

The Company and IBM have signed a non-binding document summarizing certain discussion points relating to the proposed transactions. The Company, however, has not completed its review and investigation, and major business points remain unresolved and are under negotiation. As a result, there can be no assurance that the proposed transactions with IBM will be completed.

The proposed transactions contemplate Solectron acquiring certain land, buildings and equipment, including a 319,000 square foot facility located on a 240 acre site in Bordeaux, France (of which it is currently contemplated approximately 150,000 square feet would be sublet back to IBM for a period of time to be negotiated) and a 175,000 square foot facility located on a 73 acre site in Charlotte, North Carolina. In addition, if the proposed transactions are consummated, the Company expects to employ a significant number of additional employees to staff these production facilities, many of whom the Company expects to be personnel currently employed by IBM at these facilities. The document summarizing certain discussion points contemplates, based on certain assumptions, a purchase price which would be paid partly in cash and partly by the issuance to IBM of Preferred Stock. However, the Company is currently reviewing the proposed transactions and negotiations on the purchase price and other terms are ongoing and subject to change. As a result, there can be no assurance that the parties will agree to terms which are more or less favorable to the Company. In addition, the Company may assume certain liabilities associated with the production facilities.

The success of the proposed transactions depends, in part, on the levels of additional manufacturing services provided by the Company to IBM and other customers, and the related terms, including price, negotiated by the parties. In the event the Company does not achieve additional levels of business from IBM and other customers on terms sufficient to offset the costs and expenses associated with the acquisition and with maintaining, operating and financing the new facilities, the Company's results of operations would be materially adversely affected.

In the event the proposed transactions with IBM are consummated, the Company anticipates that IBM will provide the Company with a certain volume of business for the first three years of the manufacturing relationship, subject to the Company meeting certain pricing and other terms to be negotiated. Such additional volume of business is expected to substantially increase the Company's net sales. Although the Company expects that sales to IBM will be profitable, because the pricing, volume of business and certain other terms associated with the proposed transactions are currently under review and negotiation, the impact of the proposed transactions on operating results cannot be dependent upon the Company's ability to obtain a sufficient volume of new business to replace any reduction in volume from IBM. There can be no assurance such new business will be available on satisfactory terms, or at all. In addition, the success of the proposed transactions, which are not expected to close prior to September 1992, will require significant management time and legal, accounting and other expenditures, whether or not the transactions are completed. Furthermore, in the event the proposed transactions are consummated, the additional facilities, employees and business volumes will substantially increase the Company's expenses and place substantial burdens on the Company's management resources. In addition, the success of the proposed transactions depends, in part, on the levels of additional manufacturing services provided by the Company to IBM and other customers and the related terms, including price, negotiated by the parties. In the event the Company does not achieve additional levels of business from IBM and other customers on terms sufficient to offset the costs and expenses associated with the proposed transactions and with maintaining, operating and financing the new facilities, the Company's results of operations would be materially adversely affected.

If the proposed transactions with IBM are consummated as contemplated, the Company intends to pay for a portion of the purchase price in cash and a portion of the purchase price by the issuance of Preferred Stock to IBM. In addition, the Company anticipates its working capital requirements will increase in order to support the anticipated higher volumes of business. The Company also expects to make additional capital expenditures relating to the production facilities to be acquired from IBM, including investment in SMT equipment, in the range of $5 to $10 million in fiscal 1993. In addition, in the event the transactions are consummated as contemplated, the Company will be required to make dividend payments on the Preferred Stock to be issued to IBM.

The Preferred Stock to be issued to IBM is expected to bear a dividend for a period of time and be convertible into Common Stock at the option of IBM. The Common Stock issuable upon conversion of the Preferred Stock is not expected to exceed 10% of the outstanding shares of Common Stock, based upon shares outstanding as of May 31, 1992. The Preferred Stock is also expected to have a preference to the Common Stock with respect to a liquidation or dissolution of the Company, on terms to be negotiated. In addition, under California law, the approval of holders of a majority of the outstanding shares of a class of Preferred Stock is required with respect to certain transaction, including, but not limited to, certain mergers, sales of assets and amendments to the articles of incorporation. While the voting rights afforded the Preferred Stock to be issued to IBM are expected to be subject to an agreement to vote such shares in proportion to votes cast by holders of Common Stock, the impact of these provisions of California law could be to provide IBM with a veto right with respect to certain matters. In connection with the issuance of the Preferred Stock, the Company expects to grant IBM certain registration rights, as well as a right of first refusal with respect to any future proposed issuances of equity securities by the Company in a private placement or to competitor of IBM who would hold 10% or more of the Company's outstanding equity securities following such proposed issuance. In the event the proposed transactions are completed, the outstanding Preferred Stock and such right of first refusal could have the effect of delaying or preventing a change in control of the Company. It is anticipated that, in connection with the proposed transactions, IBM will agree, subject to certain exceptions, not to acquire in excess of 10% of the Company's equity securities without the Company's consent.

SOLECTRON CORPORATION AND SUBSIDIARIES

Part II. OTHER INFORMATION

Item 1: Legal Proceedings

None

Item 2: Changes in Securities

None

Item 3: Defaults upon Senior Securities

None

Item 4: Submission of Matters to a Vote of Security Holders

None

Item 5: Other Information

None

Item 6: Exhibits and Reports on Form 8-K

(a) Exhibits

*4.1 Form of Certificate for Liquid Yield Option Notes (LYONs)

*4.2 Form of Indenture between the Company and Bankers Trust Company, relating to the LYONs

10.1 First Amendment to the Amended and Restated Credit Agreement dated April 24, 1992 between Registrant, Security Pacific National Bank and Sanwa Bank California

11.1 Statement re Computation of Net Income per Share

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* Incorporated by reference from the Company's Registration Statement on Form S-1 filed April 6, 1992 (Registration No. 33-46971).

SOLECTRON CORPORATION AND SUBSIDIARIES

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SOLECTRON CORPORATION
(Registrant)

Date: July 10, 1992

By: ____________________
Dr. Koichi Nishimura
President &
Co-Chief Executive Officer

Date: July 10, 1992

By: ____________________
Susan S. Wang
Senior Vice President and Chief
Financial Officer
(Principal Financial and
Accounting Officer)

FIRST AMENDMENT TO
AMENDED AND RESTATED
CREDIT AGREEMENT

THIS FIRST AMENDMENT ("Amendment") is made and entered into as of April 24, 1992, by and among, on the one hand, SOLECTRON CORPORATION, a California corporation having an office at 2001 Fortune Drive, San Jose, California 95131 ("Borrower") and, on the other hand, SECURITY PACIFIC NATIONAL BANK, a national banking association having an office at 195 Almaden Boulevard, San Jose, California 95113 ("SPNB") and SANWA BANK CALIFORNIA, a California banking corporation ("Sanwa") (each of SPNB and Sanwa may be referred to herein individually as a "Lender" and collectively as "Lenders"), and SPNB, as Agent for Lenders ("Agent").

RECITALS

A. Borrower, Agent and Lenders have entered into that certain Amended and Restated Credit Agreement dated as of February 1, 1992 (the "Credit Agreement"), pursuant to which Lenders have made available to Borrower (i) a revolving credit facility in the aggregate principal amount of up to Thirty-Six Million Dollars ($36,000,000) outstanding at any time, and (ii) a term facility in the aggregate principal amount of up to Four MIllion Dollars ($4,000,000) outstanding at any time.

B. Borrower, Agent and Lenders desire to amend certain provisions of the Credit Agreement as provided herein.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants herein set forth, and intending to be legally bound, the parties hereto hereby amend the Credit Agreement as follows:

1. Unless otherwise defined herein, all terms defined in the Credit Agreement have the same meaning when used herein.

2. The following definition is hereby inserted in Section 1 of the Credit Agreement in alphabetical order:

"Subordinated Debt" means the Indebtedness represented by Liquid Yield Option™ Notes ("LYONs") issued from time to

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™Trademark of Merrill Lynch & Co., Inc.

time under that certain Indenture between (or to be entered into in May, 1992 between) Borrower and Bankers Trust Company, a New York banking corporation, as Trustee, as such may from time to time be supplemented and amended (the "Indenture"), not in excess of $460,000,000 aggregate principal amount at maturity outstanding at any time.

3. The definition of "Consolidated Net Worth" is deleted in its entirety and replaced with the following:

"Consolidated Net Worth" means, on a consolidated basis, as at any date of determination, the sum of (a) the difference between Consolidated Total Assets and Consolidated Total Liabilities and (b) the Subordinated Debt.

4. The definition of "Consolidated Total Liabilities" is deleted in its entirety and replaced with the following:

"Consolidated Total Liabilities" means, on a consolidated basis, as at any date of determination, all liabilities of Borrower and its Subsidiaries required to be reflected on the liability side of the consolidated balance sheet of Borrower, including, without limitation, the Subordinated Debt.

5. The definition of "Indebtedness" is amended by inserting "and the aggregate principal amount at maturity of the Subordinated Debt," immediately following "the other Loan Documents" in subsection (a) of the definition.

6. Section 6.3 is amended by (i) deleting the word "and" at the end of Section 6.3(i), (ii) replacing the period at the end of Section 6.3(j) with "; and", and (iii) adding a new subsection (k) as follows:

(k) the Subordinated Debt.

7. Section 7.4 is amended by adding "and provided further, that the Subordinated Debt shall not be included in the calculation of Consolidated Tangible Net Worth for purposes of this Section 7.4." to the end thereof.

8. Representations and Warranties. Borrower represents and warrants that its representations and warranties in Section 4 of the Credit Agreement continue to be true and complete in all material respects as of the date hereof (except to the extent such specifically relate to another date or as specifically described on Schedule 1 hereto) and that the execution, delivery and performance of this Amendment are duly authorized, do not require the consent or approval of any governmental body or

regulatory authority and are not in contravention of or in conflict with any law or regulation or any term or provision of any other agreement entered into by Borrower. Agent and Lenders acknowledge and agree that the incurrence of the Indebtedness represented by the Subordinated Debt is not a material adverse change in the Property, operations, business prospects, profits or financial condition of Borrower for purposes of the Loan Documents, including, without limitation, Section 4.5 and Section 5.1(d)(ii) of the Credit Agreement.

9. Effectiveness of Amendment. This Amendment shall be deemed effective upon execution of a counterpart hereof by each of Borrower, Agent and Lenders and delivery thereof, in the case of Agent and Lenders, to Borrower and, in the case of Borrower, to Agent. In the event that no LYONs are issued within ten (10) business days after the date of this Amendment, this Amendment shall terminate and its terms and conditions shall have no further force and effect.

10. Conditions Subsequent. Within ~~five~~ seven (~~5~~ 7) business days after the initial issuance of LYONs, Borrower shall deliver to Agent, on behalf of Lenders, the following:

a. A certified copy of resolutions of the Board of Directors of Borrower authorizing Borrower to enter into this Amendment and the transactions contemplated thereby; and

b. A copy of the fully-executed Indenture.

11. Release and Waiver. BORROWER HEREBY REPRESENTS AND WARRANTS TO AGENT AND LENDERS THAT IT HAS NO KNOWLEDGE OF ANY FACTS THAT WOULD SUPPORT A CLAIM, COUNTERCLAIM, DEFENSE OR RIGHT OF SET-OFF, AND HEREBY RELEASES AGENT AND LENDERS FROM ALL LIABILITY ARISING UNDER OR WITH RESPECT TO AND WAIVES ANY AND ALL CLAIMS, COUNTERCLAIMS, DEFENSES AND RIGHTS OF SET-OFF, AT LAW OR IN EQUITY, THAT BORROWER MAY HAVE AGAINST AGENT OR ANY LENDER EXISTING AS OF THE DATE OF THIS AMENDMENT ARISING UNDER OR RELATED TO THIS AMENDMENT, THE CREDIT AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS OR TO THE LOANS CONTEMPLATED HEREBY OR THEREBY OR TO ANY ACT OR OMISSION TO ACT BY AGENT OR ANY LENDER WITH RESPECT HERETO OR THERETO.

12. Except to the extent expressly provided in this Amendment, the terms and conditions of the Credit Agreement shall remain in full force and effect. This Amendment and the other Loan Documents constitute and contain the entire agreement of the parties hereto and supersede any and all prior agreements, negotiations, correspondence, understandings and communications between the parties, whether written or oral, respecting the subject matter hereof.

13. This Amendment may be executed in counterparts, each of which when so executed shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

WITNESS the due execution hereof by the respective duly authorized partner or officer of the undersigned as of the date first written above.

BORROWER

SOLECTRON CORPORATION

By____________________
Name: Susan Wang
Title: Chief Financial Officer

AGENT

SECURITY PACIFIC NATIONAL BANK

By Allan B. Miner
Name: Allan B. Miner
Title: Senior Authorized Officer

LENDERS

SECURITY PACIFIC NATIONAL BANK

By Allan B Miner
Name: Allan B. Miner
Title: Senior Authorized Officer

SANWA BANK CALIFORNIA

By____________________
Name: ~~Robert R. Shutt~~ JAMES E [illegible]
Title: Vice President

SCHEDULE 1
TO FIRST AMENDMENT
TO CREDIT AGREEMENT

Borrower represents and warrants that its representations and warranties in Section 4 of the Credit Agreement, except to the extent they specifically relate to another date, are no longer true and accurate only in the following respects:

EXHIBIT

11.1

Solectron Corporation and Subsidiaries
Statement Regarding Computation of Net Income Per Share
(in thousand, except per share data)

	Nine months ended May 31, 1991	Nine months ended May 31, 1992
Weighted average number of shares of common stock and common stock equivalents:		
Primary:		
Common stock	12,370	15,607
Common stock equivalents - stock options	684	761
Common stock equivalents - preferred stock	-	-
	13,054	16,368
Fully Diluted:		
Incremental increase in common stock equivalent options using end of period market price	140	104
	13,194	16,472
Net income	6,140	10,411
Net income per share - primary	$0.47	$0.64
Net income per share - fully diluted	$0.47	$0.63

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

|X| Quarterly report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 1991 or

|_| Transition report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

For the transition period from ________ to ________

Commission file number 0-7107

RECD S.E.C.
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SOUTHERN SCOTTISH
(Exact name of registrant as s[illegible] in its charter)

LOUISIANA	72-0711739
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

2875 19th Street, Gulfport, Mississippi	39501
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code 601-865-0061

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ________ No X

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Date	Class	Outstanding
October 31, 1991	Common Stock	2,301,198 Shares

BEST COPY AVAILABLE

SOUTHERN SCOTTISH INNS, INC. & SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
ASSETS

	June 30 1991 (unaudited)	December 31 1990 (audited)
CURRENT ASSETS:		
Cash - Sav. & Time Deposits	$ 190,061	$ 281,495
Accounts Receivable	496,913	882,366
Mortgages & Notes Receivable	244,462	176,270
Inventory	6,283	16,689
Prepaid Expenses	91,585	78,092
Interest Receivable	246,404	263,847
Total Current Assets	$1,275,708	$ 1,698,759
PROPERTY, PLANT & EQUIPMENT:		
Land and Land Improvements	$1,411,833	$ 712,833
Buildings	4,036,204	5,058,476
Furn. Fixtures & Equip.	863,515	843,855
Leasehold Improvements	77,543	54,533
Total Prop. & Equipment	6,389,095	6,669,697
Less: Accum. Depreciation	(1,118,686)	(1,059,231)
Total Prop. & Equip. (net)	$5,270,409	$ 5,610,466
OTHER ASSETS:		
Mortg. & Notes Receivable	$ 6,130,200	$ 6,694,356
Investments in Undeveloped Land & Building costs	55,368	-0-
Deferred Loan Costs	2,285	-0-
Organizational Costs (net)	4,870	18,957
Investment-Partnerships	898,499	51,128
Investment-Securities	1,002,652	963,701
Utility Deposits	4,265	4,265
Trademarks and Tradenames	510,000	510,000
Deferred Int. Receivable	-0-	209,382
Pre-Paid Expense	3,439	-0-
Total Other Assets	$ 8,611,578	$ 8,451,789
TOTAL ASSETS	$15,157,695	$15,761,014

SOUTHERN SCOTTISH INNS, INC. & SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
LIABILITIES AND STOCKHOLDERS' EQUITY

	June 30 1991	December 31, 1990
CURRENT LIABILITIES:		
Accounts Payable	$ 552,042	$ 456,459
Interest Payable	104,196	114,748
Taxes Payable	406,720	430,042
Accrued Liabilities	153,748	146,964
Mortgages & Notes Payable	891,733	573,634
Total current Liabilities	$ 2,108,439	$ 1,721,847
LONG TERM DEBT:		
Mortgages & Notes Payable	$ 3,993,428	$ 4,438,369
DEFERRED CREDITS:		
Deferred Income Taxes	$ 128,404	$ 115,912
Deferred Income	3,452,835	2,027,553
Total Deferred Credits	$ 3,581,239	$ 2,143,465
Total Liabilities & Deferred Credits	$ 9,683,106	$ 8,303,681
STOCKHOLDERS' EQUITY:		
Common Stock - No Par Value Authorized 5,000,000 Shares Issued & Outstanding 2,297,253	$ 5,774,493	$ 5,963,039
Paid-In Capital	42,201	42,201
Retained Earnings	(325,877)	1,186,548
Current Year's Income	(277,748)	
Total	$ 5,213,069	$ 7,191,788
Minority Interest	261,520	265,545
Total Stockholders' Eq.	$ 5,474,589	$ 7,457,333
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	$16,157,695	$15,761,014

SOUTHERN SCOTTISH INNS, INC. & SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
(UNAUDITED)

	FOR THE SIX MONTHS ENDED June 30, 1991	1990
REVENUES:		
Franchising Division	$1,323,441	$1,364,777
Financing Revenues	127,921	610,293
Motel Revenues	334,061	164,704
Food & Beverage Revenues	115,871	81,971
Income From Investments	8,062	102,366
Gain On Sale Of Properties	-0-	(2,950)
Lease Income	114,219	
Total Revenues	$2,023,575	$2,321,161
COSTS AND EXPENSES:		
Operating Expense	$1,838,346	$1,785,941
Interest Expense	169,774	117,346
Depreciation & Amortization	78,162	50,362
Other Non-Operating Expense	215,041	95,693
Total Costs & Expenses	$2,301,323	$2,049,342
NET INCOME (LOSS):	$ (277,748)	$271,819

NOTE TO FORM 10 Q

A summary of the registrant's significant accounting policies is set forth in Note 1 to the consolidated financial statements of the registrant and its subsidiaries in the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1990, filed with the Securities and Exchange Commission, which report should be read in conjunction with this interim report.

In the opinion of management, the accompanying interim financial statements reflect all adjustments which are necessary to a fair statement of the results for the interim periods presented.

Item 6. Exhibits and Reports on Form 8-K.

(a) No exhibits are required to be furnished in accordance with 17 C.F.R. §229.601.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SOUTHERN SCOTTISH INNS, INC.

Date: March 23, 1992

By: Jack M. Dubard
Jack M. Dubard, Vice President
(Chief Financial Officer)

Date: March 23, 1992

By: Vivian E. Dukes, CPA
Vivian E. Dukes
(Principal Accounting Officer)

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ Quarterly report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 1991 or

☐ Transition report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

For the transition period from ____________ to ____________

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Commission file number 0-7107

PROCESSED BY

SOUTHERN SCOTTISH INNS, INC.
(Exact name of registrant as specified in its charter)

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

LOUISIANA	72-0711739
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

2875 19th Street, Gulfport, Mississippi	39501
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code 601-865-0061

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ________ No ___X___

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Date	Class	Outstanding
October 31, 1991	Common Stock	2,301,198 Shares

BEST COPY AVAILABLE

SOUTHERN SCOTTISH INNS, INC. & SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
ASSETS

	March 31 1991 (unaudited)	December 31 1990 (audited)
CURRENT ASSETS:		
Cash - Sav. & Time Deposits	$ 21,192	$ 281,495
Accounts Receivable	536,961	882,366
Mortgages & Notes Receivable	214,978	176,270
Inventory	20,230	16,689
Prepaid Expenses	83,482	78,092
Interest Receivable	262,510	263,847
Total Current Assets	$1,139,353	$ 1,698,759
PROPERTY, PLANT & EQUIPMENT:		
Land and Land Improvements	$1,411,833	$ 712,833
Buildings	4,036,204	5,058,476
Furn. Fixtures & Equip.	849,370	843,855
Leasehold Improvements	64,533	54,533
Total Prop. & Equipment	6,361,940	6,669,697
Less: Accum. Depreciation	(1,090,502)	(1,059,231)
Total Prop. & Equip. (net)	$5,271,438	$ 5,610,466
OTHER ASSETS:		
Mortg. & Notes Receivable	$ 6,362,632	$ 6,694,356
Investments in Undeveloped Land & Building costs	55,368	-0-
Deferred Loan Costs	10,575	-0-
Organizational Costs (net)	4,870	18,957
Investment-Partnerships	881,968	51,128
Investment-Securities	1,002,652	963,701
Utility Deposits	4,265	4,265
Trademarks and Tradenames	510,000	510,000
Deferred Int. Receivable	-0-	209,382
Prepaid Expenses	3,439	-0-
Total Other Assets	$ 8,835,769	$ 8,451,789
TOTAL ASSETS	$15,246,560	$15,761,014

SOUTHERN SCOTTISH INNS, INC. & SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31 1991	December 31, 1990
CURRENT LIABILITIES:		
Accounts Payable	$ 466,179	$ 456,459
Interest Payable	117,105	114,748
Taxes Payable	470,500	430,042
Accrued Liabilities	218,972	146,964
Mortgages & Notes Payable	822,971	573,634
Total current Liabilities	$ 2,095,727	$ 1,721,847
LONG TERM DEBT:		
Mortgages & Notes Payable	$ 4,076,153	$ 4,438,369
DEFERRED CREDITS:		
Deferred Income Taxes	$ 128,404	$ 115,912
Deferred Income	3,513,602	2,027,553
Total Deferred Credits	$ 3,642,006	$ 2,143,465
Total Liabilities & Deferred Credits	$ 9,813,886	$ 8,303,681
STOCKHOLDERS' EQUITY:		
Common Stock - No Par Value Authorized 5,000,000 Shares Issued & Outstanding 2,297,253	$ 5,774,493	$ 5,963,039
Paid-In Capital	42,201	42,201
Retained Earnings	(325,877)	1,186,548
Current Year's Income	(324,990)	
Total	$ 5,165,827	$ 7,191,788
Minority Interest	266,847	265,545
Total Stockholders' Eq.	$ 5,432,674	$ 7,457,333
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	$15,246,560	$15,761,014

SOUTHERN SCOTTISH INNS, INC. & SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
(UNAUDITED)

	FOR THE THREE MONTHS ENDED MARCH 31, 1991	1990
REVENUES:		
Franchising Division	$ 594,523	$ 679,948
Financing Revenues	(38,063)	239,264
Motel Revenues	144,848	253,464
Food & Beverage Revenues	46,552	17,679
Food Service Division	-0-	45,182
Income From Investments	5,000	51,244
Gain On Sale Of Properties	-0-	(2,950)
Lease Income	44,081	
Total Revenues	$ 796,941	$1,283,831
COSTS AND EXPENSES:		
Operating Expense	$ 927,290	$1,008,735
Interest Expense	12,980	24,772
Depreciation & Amortization	41,689	42,709
Other Non-Operating Expense	139,972	63,010
Total Costs & Expenses	$1,121,931	$1,139,226
NET INCOME (LOSS):	$ (324,990)	$ 144,605

NOTE TO FORM 10 Q

A summary of the registrant's significant accounting policies is set forth in Note 1 to the consolidated financial statements of the registrant and its subsidiaries in the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1990, filed with the Securities and Exchange Commission, which report should be read in conjunction with this interim report.

In the opinion of management, the accompanying interim financial statements reflect all adjustments which are necessary to a fair statement of the results for the interim periods presented.

Item 6. Exhibits and Reports on Form 8-K.

(a) No exhibits are required to be furnished in accordance with 17 C.F.R. §229.601.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SOUTHERN SCOTTISH INNS, INC.

Date: March 23, 1992

By: ____________________
Jack M. Dubard, Vice President
(Chief Financial Officer)

Date: March 23, 1992

By: Vivian E Dukes CPA
Vivian E. Dukes
(Principal Accounting Officer)

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10 - Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended March 31, 1992

Commission file number 0-2347

UNIVERSAL LIFE HOLDING CORPORATION
(Exact name of registrant as specified in its charter)

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PROCESSED BY
MAY 20 1992
Microfilmed by
Q-Data Corp. - St. Petersburg, FL

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Missouri
(State or other jurisdiction of incorporation or organization)

37-0859747
(I.R.S. Employer Identification No.)

1511 Christy Drive, Jefferson City, Missouri
(Address of principal executive offices)

65101
(Zip Code)

Registrant's telephone number, including area code (314) 636-6121

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO ____.

The Company had 3,217,998 shares of Class A $.50 stated value common stock and 1,635,123 shares of Class B $.002 stated value common stock outstanding at March 31, 1992.

Notes Receivable Affiliates $2,696,318 Interest Income Affiliates $66,379

229E(1)

UNIVERSAL LIFE HOLDING CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 1992

UNIVERSAL LIFE HOLDING CORPORATION
CONSOLIDATED BALANCE SHEETS
ASSETS
(UNAUDITED)

	March 31, 1992	December 31, 1991	March 31, 1991
CURRENT ASSETS			
Cash and temporary investments	$ 35,138	$ 25,520	$ 100,832
Accrued interest	24,911	31,597	32,415
Prepaid expenses	381	480	448
Total Current Assets	60,430	57,597	133,696
INVESTMENT IN AFFILIATES			
Investment in parent (at lower of cost or market)	44,725	44,726	44,725
Investment in affiliate	625,899	614,501	554,758
	670,624	659,227	599,484
LONG-TERM RECEIVABLES	2,696,318	2,695,052	2,624,501
LAND	73,000	73,000	73,000
PROPERTY AND EQUIPMENT			
Cost	15,841	15,841	15,841
Accumulated depreciation	(8,184)	(7,392)	(5,016)
Net property and equipment	7,657	8,449	10,825
	$ 3,508,029	$ 3,493,325	$ 3,441,507

*Figures may not equal because the cents were deleted.

UNIVERSAL LIFE HOLDING CORPORATION
CONSOLIDATED BALANCE SHEETS
SHAREHOLDERS' EQUITY AND LIABILITIES
(UNAUDITED)

	March 31, 1992	December 31, 1991	March 31, 1991
CURRENT LIABILITIES			
Current portion of long-term debt	$ 1,010,837	$ 1,016,447	$ 20,970
Accounts payable	34,293	32,088	37,374
Total Current Liabilities	1,045,130	1,048,535	58,344
LONG-TERM DEBT	-0-	-0-	1,011,427
DEFERRED GAIN ON SALES OF INVESTMENTS	296,506	296,507	296,506
STOCKHOLDERS' EQUITY			
Common stock			
Class A, stated value $.50 per share; authorized 6,000,000 shares; issued 3,286,436 shares in 1991 and 1990 (including 68,438 shares in treasury in 1991 and 1990)	1,643,218	1,643,218	1,643,218
Class B, stated value $.002 per share; authorized 1,642,623 shares in 1991 and 1990 (including 1,607,485 shares in treasury in 1991 and 1990)	3,285	3,285	3,285
Affiliate's Employee Stock Ownership Plan assets purchased with debt	(12,148)	(12,148)	(19,345)
Additional paid-in capital	474,952	474,952	447,319
Retained earnings	560,930	542,821	504,595
	2,670,237	2,652,128	2,579,073
Less treasury stock, at cost	(503,844)	(503,845)	(503,844)
	2,166,393	2,148,283	2,075,228
	$ 3,508,029	$ 3,493,325	$ 3,441,507

*Figures may not equal because the cents were deleted.

229E(4)

UNIVERSAL LIFE HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	Three Months Ended March 31		Twelve Months Ended December 31	
	1992	1991	1991	1990
REVENUES				
Management fees and other income	$ 1,267	$ 1,474	$ 5,835	$ 11,048
OPERATING EXPENSES				
General and administrative expense	(27,549)	(23,674)	112,110	(112,753)
(LOSS) FROM OPERATIONS	(26,282)	(22,199)	(106,275)	(101,705)
OTHER INCOME (EXPENSE)				
Interest income	66,379	63,700	257,758	265,889
Interest expense	29,187	29,777	(118,125)	(120,409)
	37,192	33,923	139,633	145,480
INCOME BEFORE AND EQUITY IN NET INCOME OF AFFILIATE AND PARTNERSHIP	10,910	11,723	33,358	43,775
EQUITY IN NET INCOME (LOSS) OF AFFILIATE AND PARTNERSHIP	11,149	4,850	29,221	11,397
INCOME BEFORE INCOME TAXES	22,059	16,573	62,579	55,172
PROVISION FOR INCOME TAXES	3,950	4,220	12,000	15,760
NET INCOME	$ 18,109	$ 12,353	$ 50,579	$ 39,412
PER SHARE DATA (based on 3,217,998 average shares of common stock outstanding during 1992 and 1991)	$ .01	$ .01	$ .02	$ .01

*Figures may not equal because the cents were deleted.

UNIVERSAL LIFE HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended March 31		Twelve Months Ended December 31	
	1992	1991	1991	1990
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest income	$ 73,065	$ 59,750	$ 254,626	$ 273,702
Management fees	-0-	-0-	5,835	-0-
Interest expense	(29,187)	(29,778)	(118,221)	(120,499)
General and administrative	(24,500)	(22,060)	(93,476)	(92,464)
Rental expense	(4,150)	(4,150)	(16,600)	(16,480)
Income Taxes	-0-	-0-	(15,760)	(15,000)
Net cash provided by (used in) operating activities	15,228	3,762	16,404	29,259
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of land	-0-	(73,000)	73,000	-0-
Loans to affiliate	-0-	-0-	(125,000)	-0-
Payments received on notes receivable	-0-	-0-	125,996	-0-
Payments on indebtedness from affiliate	-0-	73,000	-0-	-0-
Net cash used in investing activities	-0-	-0-	(72,004)	-0-
CASH FLOWS FROM FINANCING ACTIVITIES				
Principal payments of debt	(5,610)	(5,019)	(20,970)	(18,692)
Net cash used in financing activities	(5,610)	(5,019)	(20,970)	(18,692)
*INCREASE (DECREASE) IN CASH	9,618	(1,257)	(76,570)	10,567
CASH, BEGINNING OF YEAR	25,520	102,090	102,090	91,523
CASH, END OF YEAR	$ 35,138	$ 100,832	$ 25,520	$ 102,090

*Figures may not equal because the cents were deleted.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Liquidity and Capital

Universal's cash flow from operating activities was positive for the three and twelve month periods contained in this report. Universal expects the cash flow from operating activities to continue to be positive. Universal's cash flows from investing activities were -0- in 1992 and negative in 1991. Universal's cash flows from financing activities have been negative. Universal's current cash position should be increased by positive cash flows from operating activities and decreased by repayment of debt and the contingency of making loans to the Partnership. Universal has the obligation as general partner in Shepherd Hills Manor, LTD. Partnership to guarantee a break even cash flow for the Partnership. As a result of this guarantee, Universal has a net advanced $46,318 to the Partnership over the last ten years. The Partnership is currently operating on a break even cash flow basis with the assistance of the abatement of the 5% partnership fee and a reduction in the interest rate from 12% to approximately 10% on the note payable to the general partner, Universal. The total amount of the current abatement to the Partnership is approximately $30,000 per year. The Partnerhsip's cash flow has stabilized due to an increase in occupancy. When the competition in the rental market permits the Partnership to increase rental rates fifteen percent, the Partnership should break even on a cash flow basis. However, there are no assurances that the rental rates will be increased by fifteen percent in the immediate future. Universal also receives interest income from a note receivable due from IMC. Universal anticipates that the interest income will be received from IMC, even though IMC has experienced losses the last three years. The total operations of IMC for the last three years before equity in affiliates have been positive. The equity in loss of affiliates does not reduce IMC's liquidity.

Universal's long term debt has a balloon payment due in 1992. Universal has recently received notification from the Resolution Trust Corporation; on behalf of the lender that the debt will not be refinanced in December of 1992. Universal intends to inform the limited partners of this development and to explore with the limited partners the financing options that may be available.

Operations

Universal revenues from the management of the limited partnership have fluctuated based upon the partnership cash flow position. Operating expenses have remained fairly constant for the three and twelve month periods contained in this report. Net interest income, other income, has been reduced as a result of the interest abatement to the limited partnership.

Universal has realized income before equity in affiliate and partnership of $10,910 and $11,723 for March 31, 1992 and 1991; and $33,358 and $43,775 for December 31, 1991 and 1990.

Universal's equity in affiliates and partnership have resulted in income of $11,149 and $4,850 for March 31, 1992 and 1991; and income of $29,221 and $11,397 for December 31, 1991 and 1990. The equity reporting for Universal is a result of a 10% investment in a life affiliate and a 1% investment in the limited partnership. The equity results do not affect Universal's current cash position.

Universal's net income was $18,109 and $12,353 for March 31, 1992 and 1991 and $50,579 and $39,412 for December 31, 1991 and 1990.

UNIVERSAL LIFE HOLDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 1992 AND 1991

NOTE 1: LONG-TERM RECEIVABLES

Long-term receivables consist of the following at March 31:

	1992	1991
Note receivable from International Mercantile Corporation (A)	$1,215,000	$1,215,000
Note receivable from Shepherd Hills Manor, Ltd. (B)	1,310,000	1,310,000
Other receivables from Shepherd Hills Manor, Ltd. (C)	46,318	99,501
Note Receivable from Life America Corporation (D)	125,000	
	2,696,318	2,624,501
Less current portion	-0-	-0-
	$2,696,318	$2,624,501

(A) Interest on the original $815,000 at 10% payable quarterly. The note, orginially due December, 1990, was refinanced to January 1, 1994. Interest on the additional $400,000 at 9.5% payable quarterly, due February, 1993. Both amounts are unsecured.

(B) Interest at 12%, principal due December, 1992, collateralized by a wrap-around second mortgage lien.

(C) Noncurrent receivables including partnership fees and cash advances.

(D) Due in June 1992; interest at 10.5%. The loan is collateralized by stock in Bruce and Bruce Consulting Actuaries, a 100% owned subsidiary of Life America Corporation, and a 5% interest in the Perkins Well located in Calcasieu Parish, Louisiana; guaranteed by the C. J. Brown Corporation.

The interim financial statements have been prepared from the records of the Company by Company personnel without audit by independent accountants.

The consolidated income statement, the consolidated balance sheet, and the consolidated statements of cash flows should be considered in conjunction with the notes to the audited consolidated financial statements for the year ended December 31, 1991.

The summarized financial information reflects all adjustments which are, in the opinion of management, necessary to a fair statement of results for the interim period.

Part II. Other Information

Items 1 through 6

NONE

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNIVERSAL LIFE HOLDING CORPORATION

Date 5-7-92

Stewart Juneau,
Chief Executive Officer

Date 5-7-92

P. Andrew Baker, Secretary

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

MAY 22 1992

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992.

Commission file number 0-18182

URETHANE TECHNOLOGIES, INCORPORATED

(Exact name of Registrant as specified in its charter)

Nevada	**33-0126369**
(State of incorporation)	(I.R.S. Employer Identification No.)

7 Whatney, Irvine, California 92718
(Address of principal executive offices) (Zip Code)

(714) 837-0800
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports,, and (2) has been subject to such filing requirements for the past 90 days. YES __X__ NO ______

Number of shares outstanding of each of the registrant's classes of common stock, as of May 20, 1992: 7,081,794 shares of common stock, $.01 par value.

The exhibit index to this report appears at page 10 of 17 consecutively numbered pages.

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MAY 26 1992

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Part 1. FINANCIAL INFORMATION

ITEM 1. Financial Statements
Urethane Technologies, Inc.

CONSOLIDATED BALANCE SHEET

Assets

	3/31/92 (unaudited)	12/31/91
Current assets:		
Cash	$ 684,136	$ 1,231,494
Restricted cash	0	250,000
Accounts receivable (net of reserve for doubtful accounts)	95,100	139,483
Inventories	290,638	262,697
Product deposits	20,227	18,036
Prepaid expenses	25,811	16,022
Total current assets	1,115,912	1,917,732
Equipment & leasehold improvements:		
Manufacturing equipment	1,071,216	1,019,632
Office equipment	31,349	31,349
Leasehold improvements	39,798	39,798
Total	1,142,363	1,090,779
Less accumulated depreciation	(380,336)	(333,876)
Net equipment and leasehold improvements	762,027	756,903
Other Assets:		
Patents, net of amortization	33,106	34,152
Deferred offering costs	139,858	0
Other	74,250	60,435
Total Assets	$ 2,125,153	$ 2,769,222

See notes to consolidated financial statements

Part 1. FINANCIAL INFORMATION

ITEM 1. Financial Statements
Urethane Technologies. Inc.

CONSOLIDATED BALANCE SHEET

Liabilities and Stockholders' Equity

	3/31/92 (unaudited)	12/31/91
Current liabilities:		
Accounts payable - trade	$ 299,314	$ 208,062
Other	190,346	122,074
Note payable	0	250,000
Deposits	248,500	100,000
Total current liabilitis	738,160	680,136
Settlement Payable	500,000	0
Minority interest in consolidated joint venture	992,135	999,813
Stockholders' equity:		
Common stock	70,099	70,099
Capital in excess of par value	6,047,936	6,047,935
Accumulated deficit	(6,223,177)	(5,028,761)
Total stockholders' equity	(105,142)	1,089.273
Total liabilities and stockholders' equity	$ 2,125,153	$ 2,769,222

See notes to consolidated financial statements

URETHANE TECHNOLOGIES, INC.

Consolidated Statements of Operations
(unaudited)

	Three Months Ended 3/31/92	Three Months Ended 3/31/91
Revenues:		
Chemicals and related products	$ 292,846	$ 263,340
Equipment	22,300	11,211
Research and development	8,508	11,414
	323,654	285,965
Operating expenses:		
Cost of sales	296,144	261,434
Selling, general & administrative	696,442	252,442
Research and development	48,913	0
Loss from operations	(717,845)	(227,911)
Other income (expense):		
Interest in joint venture	7,677	0
Interest income	8,853	3,389
Estimated litigation settlement	(500,000)	0
Other	6,900	0
Other income (expense)	(476,570)	3,389
Net loss	$(1,194,415)	$ (224,522)
Net loss per share	$ (0.17)	$ (0.08)
Weighted average number of shares outstanding	7,009,904	2,743,277

See notes to consolidated financial statements

URETHANE TECHNOLOGIES, INC.

Consolidated Statements of Cash Flows
(unaudited)

	Three Months Ended 3/31/92	Three Months Ended 3/31/91
Cash flows from operating activities:		
Net loss	$(1,194,415)	$ (224,522)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Depreciation and amortization	48,731	18,564
Minority interest	(7,678)	0
Estimated lit. settlement	500,000	
Reserve for doubtful accounts	157,800	0
Changes in operating assets and liabilities:		
Accounts receivable	(113,417)	33,955
Inventories	(27,941)	44,288
Notes receivable	0	(998,000)
Product deposits	(2,191)	(15,000)
Prepaid expenses	(9,789)	(20,670)
Accounts payable	91,252	(3,294)
Other liabilities	68,272	5,369
Deposits	148,500	(5,000)
Net cash used by operating activities	(340,876)	(1,164,310)
Cash flows provided (used) by investing activities:		
Fixed asset additions	(51,584)	(11,856)
Restricted cash	250,000	0
Other assets	(154,898)	2,178
Net cash provided (used) by investing activities	43,518	(9,678)
Cash flows provided (used) by financing activities:		
Retirement of note payable	(250,000)	0
Proceeds from issuance of common stock	0	1,143,496
Net cash provided (used) by financing activities	(250,000)	1,143,496
Net decrease in cash	(547,358)	(30,492)
Cash at beginning of period	1,231,494	259,776
Cash at end of period	$ 684,136	$ 229,284

See notes to consolidated financial statements

URETHANE TECHNOLOGIES, INCORPORATED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) General Information

The consolidated financial statements include the accounts of Urethane Technologies, Incorporated, its 100 percent owned subsidiary, Carousel Group, Inc., a California corporation, and Carousel's 50 percent interest in Sole Associates J.V., collectively referred to as "the Company." All intercompany transactions and balances are eliminated in consolidation.

The financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission and, in the opinion of the Company, reflect all adjustments (consisting only of normal recurring adjustments) and disclosures which are necessary for a fair presentation. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. It is suggested that these condensed financial statements be read in conjunction with the audited financial statements, accounting policies and the notes thereto and management's discussion and analysis of financial condition and results of operations included in the Company's latest Annual Report on Form 10-K for the year ended December 31, 1991. The results of operations for the three month period ended March 31, 1992 are not necessarily indicative of the results for the full year.

(2) Cash

Approximately $420,216 of the Company's cash balance on March 31, 1992 was attributable to Sole Associates J.V. and, as a result, was not generally available to the Company for working capital or other general corporate purposes.

(3) Restricted Cash and Note Payable

The restricted cash amount represented a certificate of deposit held as collateral for a $250,000 note payable to a bank. The funds in the certificate of deposit were used to repay the note payable in February 1992.

(4) Allowance for Doubtful Accounts

During the quarter ended March 31, 1992, an amount of $157,800 was set aside for accounts deemed by management to be uncollectible.

(5) Inventories

Inventories are stated at the lower of cost (first-in, first-out) or market, and consist principally of raw materials and equipment used in the blending of chemicals and production of polyurethane products.

(6) Revenue Recognition

Revenues are recognized at the time goods are delivered, or in the case of research and development contracts, when the services are provided.

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(7) Net Loss per Common Share

Net loss per common share is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Share and per share amounts have been adjusted for a 1 for 10 reverse stock split effected in November 1991.

(8) Litigation

The Company is the defendant in a legal action brought by JDL Marketing ("JDL") on July 30, 1991. On March 30, 1992, a default judgment in the amount of $5,030,000 was entered against the Company. The amount of this default judgment substantially exceeded the net worth of the Company. However, on May 20, 1992, the Company and JDL agreed to settle the lawsuit. Under the settlement the Company will issue JDL 138,889 shares of Common Stock. The Company has recorded as settlement expense the value of the shares to be issued to JDL.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Both chemical and equipment related revenues increased in the first quarter of 1992 over the chemical and equipment related revenues in the corresponding prior period. Chemical revenues and equipment revenues grew by 11% and 99%, respectively, as sales to existing customers increased over the first quarter of 1991. Research and development related revenues, which are a relatively small percentage of overall sales, declined by $2,906, or 25%, due to the completion of existing projects in 1991 without customer commitments to fund further research in 1992. Overall, revenues in the first quarter increased by $37,689, or 13%, from the prior year's first quarter.

Cost of sales in the first quarter increased by $34,710, or 13%, from the prior year's first quarter, reflecting the 13% revenue increase discussed above. As a percentage of revenues, cost of sales remained at 91% for the first quarter of both 1991 and 1992.

Selling, general and administrative expenses increased by $444,000, or 176%, over the corresponding prior period, due to staffing increases in administration and in the technical sales and development group, a $157,800 allowance for doubtful accounts, and an increase in legal and accounting fees to $102,209 in the first quarter of 1992 from $2,634 in the first quarter of 1991. The increase is due to the Company's having commenced work on its annual audit earlier in the current year than in the prior year, and to significant legal expenses incurred in connection with the Company's acquisition of its subsidiary. Additional expenditures related to a planned public offering have been recorded as deferred offering costs, a non-current asset on the Company's balance sheet.

Other expenses for the first quarter of 1992 also include a non-recurring expense of $500,000, which represents the value attributable to the shares of the Company's common stock to be issued by the Company to JDL Marketing in settlement of pending litigation brought against the Company by that sales representative of the Company. See "Legal Proceedings."

The Company also recognized $48,913 of research and development related expenses in the first quarter of 1992. This new expense category reflects research and development activities which were not funded by customers under research and development contracts.

As a result of the small increase in revenues and the significant growth in operating expenses described above, the net loss for the first quarter of 1992 was $(1,194,415), or $(0.17) per share, on revenues of $323,654, compared to a net loss of $(224,522), or $(0.08) per share, on revenues of $285,965 in the corresponding prior period.

Liquidity and Capital Resources

The Company is not generating sufficient cash flow to fund its operations. The Company historically has financed its working capital requirements through borrowings, principally from shareholders, and the issuance of shares of common stock. Working capital was $377,752 at March 31, 1992, a decrease of 69% from the $1,237,596 of working capital at December 31, 1991. However, the March 31, 1992 current assets included $420,216 in cash attributable to the Company's 50% interest in Sole Associates J.V., which was not generally available to the Company for working capital or other general corporate purposes. The December 31, 1991 current assets had included $433,532 attributable to Sole Associates J.V. The Company does not currently have any material commitments for capital expenditures.

The Company's financial statements have been prepared assuming that the Company will continue as a going concern, notwithstanding that its recurring losses from operations, its accumulated deficit, and certain litigation still pending against the Company raise substantial doubt about the Company's ability to continue as a going concern. The Company's plan for addressing its ability to continue as a going concern is to offer and sell 870,000 shares of Common Stock in a contemplated public offering (the "Planned Offering"). The Planned Offering would be preceded by a .72 for 1 reverse stock split, so that the 870,000 shares would be equivalent to 1,208,333 current shares. The Company is dependent on the proceeds of the Planned Offering, or other financing, in order to continue in business. On May 4, 1992 the Company filed a registration statement with the Securities and Exchange Commission relating to the Planned Offering.

Consummation of the Planned Offering is conditioned upon the settlement of the JDL litigation on terms satisfactory to the Company and the underwriter for the Planned Offering. The Company entered into an agreement on May 20, 1992 to settle the JDL litigation. The underwriter for the Planned Offering has indicated its approval of the terms of that agreement. The settlement calls for the Company to issue 100,000 shares of common stock (after the .72 for 1 reverse stock split) to the plaintiff, and the liability item "Settlement Payable" represents the value of such shares. Although such shares are expected to be issued within the current fiscal year, that liability is not classified as a current liability because it is to be satisfied with common stock, rather than from current assets. Accordingly, the liability for the Settlement Payable is expected to be reclassified to Capital in Excess of Par Value upon issuance of the stock. See "Legal Proceedings."

In April 1992, the Company arranged a short-term working capital credit line with the National Bank of Southern California (the "Bank") in the principal amount of up to $400,000. Advances under the line will be due in July 1992 and bear interest at the rate of 6.25% per annum. As of May 20, 1992, the Company had drawn $75,000 from such line of credit. The Company anticipates that it will utilize substantially all of the line of credit prior to the consummation of the Planned Offering. The line of credit is secured by a certificate of deposit furnished by Sole Associates. The Company's agreement with the Bank prohibits the Company, among other things, from incurring additional indebtedness or creating a security interest in its assets, merging or consolidating with another entity, paying cash dividends on its Common Stock, or acquiring any interest in another entity. The Bank has advised the Company that the line of credit remains available notwithstanding the default judgment entered against the Company.

The Company anticipates, based on currently proposed plans and assumptions relating to its operations (including the timetable of, and costs associated with, new product development), that the proceeds of the Planned Offering, together with projected cash flow from operations, will be sufficient to repay amounts borrowed under the Bank credit line and to satisfy the Company's contemplated cash requirements for at least 12 months following the consummation of the Planned Offering. In the event that the Company's plans change, its assumptions change or prove to be inaccurate or if the proceeds of the Planned Offering or projected cash flow prove to be insufficient to fund operations (including due to unanticipated expenses, technical problems or difficulties or otherwise), the Company could be required to seek additional financing sooner than anticipated. Other than the Company's short-term line of credit with the Bank, the Company has no current arrangements with respect to, or sources of, additional financing and it is not anticipated that existing shareholders will provide any portion of the Company's future financing requirements. There can be no assurance that any such additional financing will be available to the Company on acceptable terms or at all. In view of the Company's limited resources, its anticipated expenses and the competitive environment in which the Company operates, any inability to obtain additional financing could have a material adverse effect on the Company, including possibly requiring the Company to curtail significantly or cease its operations.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On May 20, 1992, the Company agreed with JDL to settle a lawsuit brought against the Company by JDL, which lawsuit is pending in the Fourth Judicial District Court, Utah County, Utah. JDL, an independent sales representative of the Company, had obtained a default judgment against the Company in the approximate amount of $5,000,000. The default judgment, which was entered on March 30, 1992, was based solely on the failure of the Company's attorney to advise the Company of a court-mandated deadline for responding to an initial set of interrogatories and document requests from JDL, and the subsequent failure to meet that deadline. The court-imposed deadline was missed entirely as a result of the neglect of the Company's counsel in the case, and the default judgment did not represent any finding by the court on the merits of JDL's claims in the case.

Under the settlement the Company will issue JDL 100,000 shares of common stock (after adjustment for the anticipated .72 for 1 stock split) concurrently with the completion of the Planned Offering, or on October 1, 1992, whichever first occurs. The Company will use its best efforts to register these shares together with those included in the Planned Offering. If the shares are issued concurrently with completion of the Planned Offering, 75,000 of the 100,000 shares will be non-transferable for limited periods. The transfer restrictions will be lifted in three 25,000-share increments four months, eight months and twelve months after issuance of the shares.

Item 6. Exhibits and Reports on Form 8-K

(a) The following exhibit is filed:

		Page
19.1	Form of Settlement Agreement dated May 20, 1992	12

(b) During the quarter ended March 31, 1992, the Company filed with the Securities and Exchange Commission two reports on Form 8-K. The first such report was dated January 17, 1992, and reported information under Item 2. The second such report was dated February 27, 1992, and reported information under Item 4. The latter report was amended under cover of a Form 8 filed March 19, 1992. No financial statements were filed with any of such reports.

SIGNATURE

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunder duly authorized.

URETHANE TECHNOLOGIES, INCORPORATED

Date: May 21, 1992

Edward L. Morrisroe, Chief Financial Officer
and Secretary - Treasurer

SETTLEMENT AGREEMENT

SETTLEMENT AGREEMENT entered into this 20th day of May, 1992, by and between JDL MARKETING, a Utah General partnership (hereinafter "JDL") and URETHANE TECHNOLOGIES, INCORPORATED, formerly known as UTI Chemicals, Inc., a Delaware Corporation (hereinafter "UTI").

RECITALS:

A. JDL commenced a civil action against UTI in the Fourth Judicial District Court in and for Utah County, State of Utah, Civil No. 910400490CN, on or about July 29, 1991 (herein the "Civil Action").

B. JDL has obtained the following Orders and Judgments against UTI in the Civil Action: (i) Order and Judgment dated February 26, 1992 in the principle sum of $100.00; and (ii) Order and Judgment dated March 30, 1992 in the principal sum of $5,032,500 (both Orders being collectively referred to as the "Orders and Judgments").

C. UTI has filed in the Civil Action its Motion to Set Aside Default Judgment and asserts that the Order and Judgment dated March 30, 1992 was improperly entered and that UTI, among other reasons, is entitled to have such Judgment set aside as a result of UTI's and its prior counsel's excusable neglect.

D. JDL has filed in the Civil Action its Memorandum in Opposition to such Motion to Set Aside Default Judgment and asserts that UTI is not entitled to relief from such Order and Judgment dated March 30, 1992.

E. There is now pending with the Securities & Exchange Commission a registration for 1,000,500 shares of UTI's capital common stock ($0.01 per value) proposed to be publicly offered through Whale Securities Co., L.P.;

F. The parties have elected to compromise JDL's claims, to vacate the Orders and Judgments identified in paragraph 1 above, and to dismiss the Civil Action in exchange for the delivery to JDL of UTI's common stock worth $500,000 (provided the same is registered and unrestricted, except for a restriction regarding the date of sale), all in accordance with the terms and conditions herein contained.

Exhibit 19.1

NOW, THEREFORE, in consideration of these recitals and for good and valuable consideration, the parties hereto agree as follows:

1. CONSIDERATION TO JDL. UTI agrees to issue and deliver to JDL (or one or more designees of JDL), in accordance with the terms herein, 100,000 duly authorized, non-assessable shares of the common capital stock ($.01 par value) of UTI (the "Subject Stock"). UTI shall, at its sole cost and expense, use its best efforts to register the Subject Stock with the Securities & Exchange Commission under the Securities Act of 1933, as expeditiously as possible, in addition to, and as part of, the pending registration of 1,000,500 shares now proposed to be publicly offered. In the event UTI, despite its best efforts, is unable to register the Subject Stock on or before October 1, 1992, UTI shall be relieved of the obligation to use any further efforts to seek registration. In such event, the stock to be issued and delivered to JDL shall bear a restrictive legend pursuant to S.E.C. Rule 144. In the event that UTI is able to register the Subject Stock but the Securities & Exchange Commission requires, as a condition to further distribution, that a prospectus be delivered with each distribution from JDL, UTI shall, at its sole cost and expense, keep the prospectus current for a period through September, 1993.

2. DELIVERY TO JDL.

A. Upon registration or October 1, 1992, whichever first occurs (hereinafter the "Delivery Date"), UTI shall deliver to JDL (or its designee) twenty-five thousand (25,000) shares of the Subject Stock;

B. On the Delivery Date UTI shall deliver to JDL (or its designee) seventy-five thousand (75,000) shares of the Subject Stock in such names as JDL may designate, in three groups of certificates, each group consisting of twenty-five thousand (25,000) shares. These groups of certificates shall bear legends restricting their sale or other distribution until the respective dates set forth in subparts (i) through (iii) to this subparagraph B:

(i) as to the first group, four months after the Delivery Date or November 1, 1992, whichever first occurs;

(ii) as to the second group, eight months after the Delivery Date or March 1, 1993, whichever first occurs; and

(iii) as to the third group, twelve months after the Delivery Date or July 1, 1993, whichever first occurs.

In the event UTI is unable, despite its best efforts, to effect registration of the Subject Stock, the legends called for in this subparagraph B shall not be added to the certificates.

3. CLOSING. On the delivery date, simultaneously with the delivery to JDL of the subject stock, JDL shall deliver to UTI's Utah legal counsel the Stipulation and Order Vacating the Order and Judgments and dismissing the Civil Action (in the form attached hereto) executed and approved as to form by JDL's legal counsel for filing with the Court.

4. EXCLUSIVE MARKETING AGREEMENT. As additional consideration to JDL for settlement of the Civil Action, JDL and UTI, and each of them, confirm the existence and continued enforceability of that certain Exclusive Marketing Agreement dated February 13, 1991, by and between JDL and UTI and attached to JDL's Complaint as Exhibit "C"; provided, however, that JDL waives and releases UTI of any and all claims for commissions or other remuneration under the terms of such Agreement which may have accrued prior to the date hereof.

5. MUTUAL RELEASE. A. Contingent upon receipt of the UTI Stock as provided in this Agreement and except with respect to the obligations undertaken in this Agreement or provided in paragraph 4 above, JDL herewith and hereby releases, acquits and forever discharges UTI, and its agents, successors, and assigns, from any and all claims, demands, damages, liabilities, choses in actions and responsibilities of every kind and nature whatsoever, whether known or unknown and whether existing now or in the past or arising in the future under and arising out of or related to:

(i) the Civil Action; and

(ii) any and all other claims, debts, demands, damages, liabilities and responsibilities of every kind and nature whatsoever, whether known or unknown, existing now or in the past or arising in the future, under, arising out of or related to claims for commissions, remuneration or damages arising out of a breach of any agreement prior to the date hereof.

B. UTI herewith and hereby releases, acquits and forever discharges JDL and its officers, employees, agents, successors and assigns, and their respective, general partners, personal representatives, heirs and devisees, from any and all claims, demands, damages, liabilities, choses in action, and responsibilities of every kind and nature whether known or unknown and whether existing now or in the past or arising in the future under and arising out of or related to:

(i) the Civil Action; and

(iii) any and all other claims, debts, demands, damages, liabilities and responsibilities of every kind and nature whatsoever, whether known or unknown, existing now or in the past or arising in the future, under, arising out of or related to the performance of any agreements with JDL prior to the date hereof.

C. Each party hereto represents and certifies that it has executed this Settlement Agreement with full knowledge of any and all rights which it has and that it does not rely and has not relied upon any representations made by any of the parties hereto or any of their attorneys with regard to this Settlement Agreement or the basis thereof. JDL and UTI each have had the independent advice of their respective counsel and have executed this Settlement Agreement after independent consultation with said counsel, and without threat, duress, or undue influence. Subject to the foregoing exception, each of the parties hereto hereby assumes the risk of any mistake of fact on its part in connection with the facts involved herein and with regard to any facts which are now unknown to it. In this connection, each party hereto hereby expressly waives to the fullest extent permitted by law all provisions, rights and benefits of section 1542 of the California Civil Code, which provides as follows:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

6. MISCELLANEOUS PROVISIONS.

6.1 NOTICES. All notices and other communications required by the terms of this Stipulation shall be in writing and shall be sufficient for all purposes if personally delivered or if sent by certified or registered U.S. mail, return receipt requested, postage prepaid, and addressed to JDL or to UTI at the respective addresses set forth below or at such other address as JDL or UTI, as the case may be, may hereafter designate by notice to the others as herein provided.

(a) If to JDL, to:

JDL Marketing
426 East 2100 North
Provo, Utah 84604

with a copy to:

Dennis K. Poole, Esq.
Dennis K. Poole & Associates, P.C.
4885 South 900 East, Suite 306
Salt Lake City, Utah 84117

(b) If to UTI, to:

Urethane Technologies, Incorporated
7 Whatney
Irvine, California 92718

with a copy to:

Warren Patten, Esq.
Fabian & Clendenin
215 South State Street
P.O. Box 510210
Salt Lake City, Utah 84151

If personally delivered, all notices and other communications under this Agreement shall be deemed to have been given and received and shall be effective when so delivered. If sent by mail in the form herein specified, all notices and other communications hereunder shall be deemed to have been given and received upon deposit and postmark in the U.S. mail.

6.2. Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Utah.

6.3. Captions. The paragraph headings contained in this Agreement are for the purposes of reference only and shall not limit, expand, or otherwise affect the construction of any provisions of this Agreement.

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6.4. Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors, and assigns.

6.5. Attorneys' Fees. If any action is brought because of any breach of or to enforce or interpret any of the provisions of this Agreement, the party prevailing in such action shall be entitled to recover from the other party reasonable attorneys' fees and court costs incurred in connection therewith, the amount of which shall be fixed by the court and made a part of any judgment rendered.

6.6. Counterparts. This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, and all of which shall together constitute one and the same instrument.

6.8. Waiver. Acceptance by either party of any performance less than required hereby shall not be deemed to be a waiver of the rights of such party to enforce all of the terms and conditions hereof. No waiver of any such right hereunder shall be binding unless reduced to writing and signed by the party to be charged therewith.

6.9. Time. Time is of the essence with respect to all time periods contained herein.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above appearing.

JDL MARKETING, a Utah general partnership

By Jack Angus
Jack Angus, General Partner

By Dane Iorg
Dane Iorge

URETHANE TECHNOLOGIES, INCORPORATED, a Delaware Corporation

By
Its President

jdluti.agr (dkp)